

**KEEPING OUR PROMISE TO OLDER
ADULTS AND PEOPLE WITH DISABILITIES:
THE STATUS OF SOCIAL SECURITY TODAY**

HEARING
BEFORE THE
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Wednesday, March 20, 2024

U.S. SENATE
SPECIAL COMMITTEE ON AGING
Washington, DC.

The Committee met, pursuant to notice, at 10:06 a.m., Room 562, Dirksen Senate Office Building, Hon. Robert P. Casey, Jr., Chairman of the Committee, presiding.

Present: Senator Casey, Blumenthal, Warnock, Fetterman, Braun, Rick Scott, Vance, and Ricketts.

OPENING STATEMENT OF SENATOR ROBERT P. CASEY, JR., CHAIRMAN

The CHAIRMAN. Good morning, everybody. The Senate Special Committee on Aging will come to order. The title of today's hearing is, Keeping Our Promise to Older Adults and People with Disabilities. The Status of Social Security Today.

Today, we will hear from Social Security Administration Commissioner Martin O'Malley. We are grateful you are here. Commissioner O'Malley was confirmed in December of last year, and I don't think I have to remind anyone in this room or listening how important this program called Social Security is.

It will serve over 68 million Americans this year, the majority of whom are retired Americans and their families. Without Social Security benefits, experts estimate that about four in ten older Americans will have incomes below, below the poverty line.

That means that millions of Americans, including 640,000 Pennsylvanians, are lifted out of poverty solely because of Social Security. Social security also serves people with disabilities. In January of this year, Social Security provided almost \$12 billion in disability benefits to 8.5 million beneficiaries.

Unfortunately, while our population has aged and the demand for Social Security has increased, support for the Social Security Administration has diminished greatly. As a result, the Administration, SSA, has been drastically underfunded, creating some real challenges for the agency, from increased wait times for service and approval for disability benefits, to overpayments and underpayments.

That has added a tremendous pressure on the Social Security Administration workforce. At the end of Fiscal Year 2022, the agency was at a 25-year staffing low, with a new low expected at

the end of this Fiscal Year, and employees are being asked to take on more work of greater complexity.

We should be working tirelessly to support SSA staff, including field office staff, for their dedication in an increasingly demanding environment. That means getting the training to do the job and do the job well and providing employees the support that they need.

To that end, Commissioner, I will be sending you a letter today with Senator Fetterman about support for the SSA workforce, including some challenges that SSA employees in Pennsylvania have encountered in getting approval for reasonable accommodations.

Supporting the SSA workforce will also mean better supporting Social Security beneficiaries. Commissioner, I know that in your first few months on the job, you focus your significant attention on listening to SSA staff and stakeholders, and I am eager today to hear more about what you have learned.

I want to hear about your goals and your plans to bring about change at the Social Security Administration. However, without adequate funding and legislative remedies, delivering on those goals and fixing existing problems will be really difficult. As such, I will continue to push for robust funding for SSA, which will support investments in technology, hiring, and retention.

While we work to improve the benefit delivery process, it is critical we increase Social Security benefits across the board. That is why I support efforts in the Senate that will increase benefits, like the repeal of the windfall elimination provision and the Government pension offset, which penalize workers who have dedicated their lives to public service.

I am also pushing for passage of my SWIFT Act, which would increase benefits for widows and widowers. In addition, today I am introducing the Boosting Benefits and COLAs for Seniors Act along with Senators Blumenthal, Fetterman, Welch, Gillibrand, and Sanders.

This legislation will change how Cost of Living Adjustments for Social Security benefits are calculated and ensuring that benefit adjustments are robust and reflective of the true cost incurred by older adults.

We must protect and strengthen Social Security so that Americans of every generation can continue to access this essential lifeline. I look forward to working with Commissioner O'Malley to improve Social Security for all Americans.

Now I will turn to Ranking Member Braun for his opening remarks.

STATEMENT OF SENATOR MIKE BRAUN, RANKING MEMBER

Senator BRAUN. Thank you, Mr. Chairman, and Commissioner O'Malley, good to have you here. Social security is obviously the bedrock for millions of Americans and was a key part of the first Aging Committee's hearing in 1961.

Today, the Social Security Administration, I think, has a customer service issue. We have billions of dollars of payments that are overpayments, claw backs, other issues, 800 number waiting times, all things that we need to do better.

It is a big business within the Federal Government, and you got an issue like WEP GPO, which penalizes retirees for choosing pub-

lic service careers. WEP and GPO can cut benefits in half for public servants like police officers, who often supplement their service with a second career. We need to pass the Social Security Fairness Act to eliminate these provisions.

It has now got 53 co-sponsors, nine Republicans. It is probably something, if we get our financial house in order, would be a top priority because it is a case of unfairness. You have other issues when it comes to WEP GPO, overpayments—already mentioned that. It took one year for a Hoosier, the mother of a son with Down's Syndrome on another issue to get a disability case sorted out.

Along with veterans issues, immigration. Our office back home in Indiana is constantly handling issues, and a lot of times with Social Security, it is simply just being able to talk to somebody on the phone. The President's budget blames the agency shortfalls for needing more money.

I think it has a lot to do with looking at the processes, how it is run before we throw more money at it. Between Social Security and Medicare and Medicaid, they are the structural drivers of our current deficits, and everybody knows they are important. Everyone knows they are in peril of not being there for future generations.

Sadly, we lack the political will to do anything about it. Our debt, which is the underpinning of this, is out of control. If we actually were living within our means, building maybe rainy-day funds, doing things that need to be reinvested back into making good programs better, I think is probably the key thing that is going to make all of this more complicated in the long run.

I got here a little over five years ago, and we were structurally borrowing \$1 trillion a year, which was \$0.20 on every dollar. Now that is up to \$0.30 on every dollar, and the plug-in figure to make all that work is now \$1 trillion every six months.

We cannot run the biggest business in the world that way, and Social Security being one of the largest programs within it, we need to make sure we are at least running it mechanically well.

I am looking forward to the discussion we have here today about ways to improve it, and I am looking forward too for everyone that is part of this Federal Government to acknowledge that we can't borrow money from our kids and grandkids without having an even bigger problem down the road. Thank you for being here. I yield back.

The CHAIRMAN. Ranking Member Braun, thanks for your opening remarks. Getting a little echo there. We will see what happens. Our witness today is Martin O'Malley. Commissioner O'Malley was nominated by President Biden in July to lead the Social Security Administration.

In December, he was confirmed by the Senate and was sworn into office on December the 20th. I think most people know his background. He was Governor of the State of Maryland, two terms, Mayor of the city of Baltimore for two terms, a member of City Council, and also an Assistant State's Attorney, all exemplary examples of public service, and prior to becoming Commissioner.

Commissioner, we are grateful you are here today, and I will turn it over to you and hope that the echo recedes as you speak.

**STATEMENT OF MARTIN O'MALLEY, COMMISSIONER, SOCIAL
SECURITY ADMINISTRATION, BALTIMORE, MARYLAND**

Mr. O'MALLEY. Mr. Chairman, thank you very much. It is an honor to be here and thank you for your leadership. Thank you for your concern, your compassion for people among us who really need their neighbors to care about them.

I think all of us in this panel would agree that there probably is no more important program our country has ever created that expresses our compassion for our neighbors quite so much as Social Security.

The good news is that for 88 years, this program has operated at a pretty high level, lifting a lot of seniors out of poverty, helping people suffering from disabilities. It is my great honor to be able to lead the men and women of this agency forward at a very, very tough time in their history.

Mr. Chairman, Ranking Member, I have been on a learning curve, a steep learning curve for the last 90 days. I have visited all nine regions. I have yet to get to the Wilkes-Barre DOC, but that is next on my list. Thank you for surfacing the concerns of those hardworking men and women who do such critical work not just in their own region, but for the whole country.

I have done town halls with employees in nine different regions. I did that over 16 days in January. I sat side by side with workers on the copilot headset, if you will, in the tele-service centers. Sat on the other side of the glass, as our frontline workers were interviewing people.

The most important two things I learned were these. Number one, there is a deep commitment among not only the senior executive service of Social Security, but throughout the agency, a deep commitment to the mission of this agency and that, as former Senator Mikulski said to me, is probably the most important asset that I have as the new leader in this agency.

The second thing I learned is this, and I saw the symptoms of it very acutely on the front lines. Social Security is now serving more customers than ever before, with fewer staff than they have had in 27 years, and it is true that our ability to serve our customers is the intersection of people, process, some policy, and technology, and all of these things come together.

Yet, I was surprised to learn that Social Security now operates on less than one percent of its annual benefit payments, and this operating overhead has effectively been reduced by about 20 percent just over the last 10 years. In other words, in 2018, when you looked at our overhead as percentage of outlays, it was about 1.2 percent.

In the President's budget, which is a solid step in the right direction, it is 0.96 of one percent. What is the result of that? The result is that we are in a customer service crisis with people waiting on average 38 minutes for the 800 number an agent to answer their call. People with disability waiting nearly eight months on average, some States better than others, but on average eight months for a decision on their initial application, and then another seven months for the ALJ if they have to appeal it to an ALJ hearing. Clearly, we can and must do better. These are some of the things that we are doing about it and already in motion.

I have put together an outstanding new command staff at SSA, including Dustin Brown, our Chief Operating Officer, a new CIO, new head of the Office of General Counsel, Carolyn Colvin, former Commissioner, returning as Commissioner Emerita.

We launched within 30 days a new performance management regimen which we call SecurityStat. Instead of having sort of sleepy one year cadence associated with the budget to make needed process, people, and performance improvements, we do it every two weeks, every two weeks, every two weeks.

For one blessed hour, we lock the whirlwind outside the door, and we focus on the data and the maps that tell us whether we are doing a better job or not in serving the people of Indiana, or the Commonwealth of Pennsylvania, or Connecticut. One of those hours exclusively dedicated to field operations, the next one exclusively to the 800 number, and so on.

We tackle other pressing challenges, including the wait time for initial disability determinations. That is one of the focused hours. One of them is about fraud, and another one is about the numerous and oftentimes now incomprehensible notices that we send to people, the only part of which they can understand is the last line that says, if you don't understand, call our 800 number and wait for 39 minutes.

I wanted to touch on one other intense area of focus that we have been on, and that has to do with the injustices that we have done to our neighbors when it comes to overpayments and underpayment.

Many of you probably saw the television journalism piece done by 60 Minutes highlighting the injustice that we do to Americans when, through no fault of their own, we overpay them and then claw back in a rather brutal and summary way 100 percent of their check if they don't call us back to work out a payment plan.

Congress and the law requires that we make every effort to recover those payments, but doing so without regard to the larger purpose of the program can cause grave injustices in individuals and we have to fix these. today I am announcing before your Committee, Mr. Chairman, some new reforms.

Many of these reforms came from our own employees on the front lines. First, instead of intercepting 100 percent of Social Security benefits when a claimant fails to respond to a demand for repayment, that default setting will now be 10 percent of withholding, which is what it has long been with regard to Title 16.

Second, we are going to shift the burden away from asking the claimant to prove that they were not at fault instead to a more neutral setting, so that the agency has the responsibility of putting forward, if they believe that there is some intention on the part of the claimant or some fault.

Third, we are going to realign our period for repayment, which traditionally had been 36 months, and we are going to realign that to what the Veterans Administration does and allow for a 60-month repayment window, and fourth and finally, for now, we are going to make it easier for overpaid beneficiaries to request a waiver of the repayment.

The American people, in conclusion, work their whole lives to earn the benefits of Social Security, but there is something else

they have already worked for, they have already paid for, and they have already earned, and that is a decent level of customer service to access those benefits.

The good news is that if we were allowed once again from the same FICA dollars which were not paid in a discretionary way in paychecks, if we were allowed to operate on 1.2 percent, we could restore customer service in all of your States and we could do it pretty quickly.

The President's budget invests in Social Security for the people of our Nation and includes a nine percent increase over what we were allowed to spend. I hesitate to say appropriation because we haven't had an appropriations hearing in nine years.

The President's budget includes a nine percent increase over what we had last year been allowed to spend for our operating expenses to \$15.4 billion, and we look forward to working with you to sustain funding increases so that we can get back to serving the people with the customer service they have already earned, they have already paid for, but they are being denied, and we can do so without adding a penny to the deficit. Thank you very much.

The CHAIRMAN. Mister, thanks for your opening statement. I am going to jump ahead. Instead of asking you my question, I will turn to Senator Blumenthal. Is that okay?

Senator BLUMENTHAL. Thank you, Mr. Chairman. I really appreciate you taking me out of order for this really very important hearing.

Nothing is more vital and important, as you well know, Commissioner O'Malley, than Social Security to Americans—to all Americans, not just recipients but to their families, to their children, because when they are in poverty, their children and their families suffer as well.

I really want to thank you for your intention to improving this system. I have a reform proposal that goes to the levels of benefits, but your focus on customer service certainly is vital, and the overpayments, the shock and brutality of efforts by the Government to claw back overpayments is absolutely unacceptable.

I hope that you will be doing more, even more than what you said you would be doing to this Committee just now, because this kind of really unfortunate and unfair treatment of Americans, when through no fault of their own, they have to suffer the hardship of claw backs and retrievals of payments that are the fault of the Government for overpaying.

I want to go to another topic that has concerned me because I am hearing from constituents about the Windfall Elimination Program and Government Pension Offset. These two provisions are separate, both harmful provisions that reduce Social Security benefits for workers and their eligible family members if the worker receives or is entitled to a pension based on earnings from employment not covered by Social Security.

I am sure you are familiar with these provisions that disproportionately affect public service employees, including educators, police officers, firefighters, and others. I have introduced the Social Security 2100 Act that would repeal these provisions, among other changes that substantially benefit Social Security recipients, giving them cost of living increases, imposing fair burdens on people earn-

ing more than \$400,000, but what concerns me is, apart from repealing WEP and GPO, is the failure of some local and State Governments to disclose the effects of these two provisions on new employees.

I wonder whether you are familiar, whether you have heard information about disclosure of this information, the two provisions, the Windfall Elimination Provision and the Government Pension Offset provision, whether you have heard from recipients and claimants about their effect, firefighters, educators, police officers, because the requirement for an offset really ought to be disclosed to people when they come to work.

Mr. O'MALLEY. I would agree with you, Senator. I am sure it comes as a great shock to a lot of people who put their lives on the line in public service jobs or other jobs to find out that as they approach retirement, that the Social Security they thought might be there isn't going to be there. I have received some briefings on this.

It is my understanding that over the years, a number of states were historically allowed to sort of opt out of requiring FICA payment to employees into Social Security. Now the dilemma that you have as policymakers is how do we adjust that moving forward, and what are the equities and the cost of addressing that, either in a prospective way or in a more comprehensive way.

I don't know entirely what the answer is, but would look forward to working with you. We have excellent actuaries. The amount of data, their capacity to project puts and takes into the future is really outstanding. I would look forward to working with you on that, Senator.

Senator BLUMENTHAL. Thank you. I really want to thank you for your continuing public service, very distinguished career. Your service in this position is as important as any—what any of us do because you touched the lives of so many Americans.

I want to extend you the offer of help on my part, and I am sure my colleagues, to help improve this system that is so vital to Americans.

Waiting 38, 39 minutes is just intolerable, and not the fault of the hard working people in the Social Security Administration, it is the lack of resources that you are provided, so, we got to do better. Thank you.

Mr. O'MALLEY. Senator, thank you, and we need your help.

Senator BLUMENTHAL. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Blumenthal. We will turn next to Senator Braun—Senator Ricketts.

Senator RICKETTS. Great. Thank you very much, Mr. Chairman, and thank you, Commissioner O'Malley, for being here today.

Mr. O'MALLEY. Good to see you again, Senator.

Senator RICKETTS. Good seeing you. According to the Social Security Administration, in 2024, roughly 68 million Americans per month will receive a Social Security benefit, which is a total of almost \$1.5 trillion over the course of the year.

Over 350,000 Nebraskans receive Social Security benefits, with a large majority of these individuals being retired.

Many Americans do not know they need to plan for their benefits to be lower than expected due to Federal taxes. Social security

began tax—being taxed in 1984, and at that time only about 10 percent of the beneficiaries being taxed.

Now, over 40 percent of the beneficiaries are being taxed at the Federal level. As Governor of Nebraska, I recognized that all Social Security benefits should be completely tax free, and that is why I worked hard to pass a historic law that would phaseout the State income tax on Social Security benefits over a period of time.

Due to the success of this Nebraska law, I introduced a Social Security Tax Cut Act once I entered office here in the U.S. Senate. Under this plan, a typical senior would save about \$800 a year on taxes, and this would create real relief for seniors in a time of rising costs and out of control inflation.

By passing this bill, we can take the first step in boosting the retirement income of millions of seniors in Nebraska and across this country. Moving on to the issues here. You put forward a path to improve customer service, so thank you very much for providing the data. I actually expect a Governor to want to look at data, so I appreciate that very much, Mr. Commissioner.

Noted what Senator Blumenthal talked about the 38 minutes on hold time. When I took over as Governor of Nebraska, in our economic assistance line, that hold time was nearly 24 minutes, so, not quite as high, but still not good customer service. I know you have got also with regard to the time delay on that.

I know you are relatively new into the job. Can you talk a little about what is your plan to be able to address some of these issues with regard to customer service, like the whole time of 38 minutes.

Do you have a goal specifically you are shooting forward to be able to hit with regards to that hold time and some of the other goals? What are the steps you are going to take to be able to get there?

Mr. O'MALLEY. Yes, sir. Thank you. Let me begin by saying that the most important thing that we could do and the most important thing that we could address is this yawning gap between the ever-rising beneficiaries.

That 68 million number that you cited was also what I cited during my confirmation just four months ago, but now it is 71 million, so that blue number here continues to go up, but the staffing is declining now to a 27-year low.

Last year we had a spike, but as you might imagine, if one of your employees, when you were Governor, was answering a call after somebody had been on hold for an hour, you know, 39 minutes is the average, they are coming off of that call hot.

Our attrition rate in the tele-service centers is about 24 percent. Many of the people that we hire, leave and a lot of the questions are not simple questions to answer so they require some training.

This is what we are doing specifically on the call times. We have a number of leading actions, as you know, from a performance management sort of Governor yourself. There are leading actions that deflect people from the 800 number to address their concerns in more timely, legitimate ways.

Everything we can do to drive up the numbers of people that are getting their services online or applying online for a Social Security card rather than calling the 800 number, those are examples of deflection.

Examples of call resolution are things that allow us to answer that call the first time instead of making a person call back, or perhaps sometimes process or policy changes that allow the call taker to take an attestation after we have already identified that they are who they are and what their mother's maiden name is, and those sorts of things, so that whether they are calling for a tax form or something else, we can resolve that on the first call.

There are a host of actions that took many of them I have experienced and learned of firsthand when I was out there sitting side by side with people all over the country, and each of those has an impact on diverting people from the call.

I will give you another one. Lawyers, claimants', advocates, would call the 800 number—again, and this is kind of a twofer. This is both deflection and resolution. They would call to make sure that their entry of appearance, their 1696 form, was accepted by Social Security.

To be sure, they would fax it in, mail it in several times because there was no way for them to check on their own other than to send lots of repeat notices, which is wasteful when you have to do the same one in the same case, or they would call the 800 number, but because the 800 number was so overwhelmed, somebody, well-intentioned, said those lawyers can only check on the status of three cases. We have done two things. One is to make it possible for them online to see whether we have accepted their 1696 entry of appearance form.

The second is that if they do happen to call the 800 number, their secretaries are not limited to checking that status on only three cases, but they can ask for five, six, seven, eight, so they are not calling back as soon as they hang up and being on hold again. Those are some of the things we are doing.

We have struggled with an underperforming new telephone system that we went into during the pandemic and the shutdown, and that system has not yet performed as it was promised.

We really do struggle with that. We also struggle with the attrition rate in our teleservice centers and trying to continue to provide a level of customer service with less than one percent operating expenses.

Allstate operates on 22 percent as a percentage of its outlays. Twenty-two percent overhead—excuse me, I think it is 12 percent. Liberty-biberty, 12 percent. We are less than one percent. Less than one percent, and it shows. In 2018, we were 1.2 percent, and the customer service was better.

There are a lot of bump hit singles that we are doing on process improvement and performance management, but it won't make up for that yawning gap. The good news is Congress could address that and it won't affect the deficit because people have already paid for their customer service in the trust fund.

Here is the other good news, if we were allowed to operate at 1.2 percent, not only would it not add to the deficit, but I asked the actuary how far would it advance the so-called depletion date of 2034?

The answer to that is 30 days. This is kind of a self-inflicted wound. People already paid for their customer service. They already paid for their benefits. There was nothing discretionary on

their part about it. It was mandatory, and we could get back to that very quickly.

Senator RICKETTS. Well, thank you very much, Mr. Commissioner, and those are all steps that I think demonstrate that you got the right idea about how we address and providing better customer service for our seniors.

I would also just add in there, and we have talked about this, Lean Six Sigma or another process approved methodology to look at your process as well, but you were spot on by looking at the deflection and how we can—you know, in my business career, in my career as Governor, when you can get people to use the online services, it is actually a win-win because once they get used to it, they enjoy it better.

It is better customer satisfaction, and it helps you out providing service to people in the 800 number.

Mr. O'MALLEY. I would love for you to come up to a SecurityStat meeting.

Senator RICKETTS. Okay, great.

Mr. O'MALLEY. You would enjoy it. It is, you know, what you did as Governor, what I did as Governor, and the Senior Executive Service has really responded to us. It is every two weeks, every two weeks, not just looking at the lagging indicators, but at the leading actions that drive us. There are a lot of Six Sigma principles in there as well.

Senator RICKETTS. Great. We will followup. Thank you.

The CHAIRMAN. Thank you, Senator Ricketts. Commissioner, I am going to start on the question of funding. I think that one of the graphics that you—one of them, I should say the charge that you included in part of your materials, headline, Staffing Declines as Beneficiaries Rise, and it says it all.

As you as you made reference to as well in your testimony, the President requested \$15.4 billion for the Social Security Administration for Fiscal Year 2025, which is a nearly nine percent increase. For years, the Administration SSA has been chronically underfunded, as I mentioned. Ultimately, this underfunding negatively impacts benefit delivery.

Despite this, we have heard extreme proposals from some that Congress should consider cutting Social Security. I will never support cuts to Social Security. I think that is a fairly widespread view. We know that it is a lifeline for Americans of all walks of life. This is a promise that we have to deliver on, and I will continue to work to fulfill that promise.

I have two questions, two interrelated questions. How would flat funding, or even worse, a cut or cuts into funding impact the Social Security Administration and ultimately beneficiaries?

Mr. O'MALLEY. We are struggling as a big human resources organization where what we do is service. We are customer service. Our agents in the 1,210 field offices, the hard working men and women that process claims at the Wilkes-Barre DOC. It is all people, but technology—granted, some really, really old technology by the way. Still green screens and COBOL, you know, at the base of it. This puts me in mind of, you know, back in Governor days, Senator, if a school system, which is all their budget is mostly all teachers in

the classrooms, if they have fewer teachers and the number of students is rising, those classrooms are going to be larger.

By way of analogy, if our staffing is fewer, our wait times are going to be higher and there are going to be longer lines. Sometimes people have really, really dire needs, so we have to get back, and the President's budget takes a really affirmative step in getting us back to the traditional 1.2 percent that we operated on prior to 2018, where we had pretty high level of customer service. I wasn't breaking the bank, and it was something that people had already paid for.

If we were to receive the \$15.4 billion proposed by the President, that would allow us, we believe, to reduce our 800 number's hold times by 20 minutes. Currently 39 on average in last Fiscal Year.

We believe we can knock 20 minutes off of that. We would be able to reduce initial disability claim wait times to 215 days, and we believe we can reduce the claims backlog by 15 percent. Another positive step in the right direction and the following year would allow us to do even better.

We now are trying to serve the highest number of beneficiaries ever with the lowest staffing we have had in 27 years, and that has not been offset by huge investments in new technology and those sorts of modernization things.

Ninety percent of our technology budget goes to keeping old systems functioning rather than doing the upgrades that we need to.

The CHAIRMAN. Wanted to move to a second inquiry about the employees and morale and just those basic concerns that I think everyone has expressed over a number of years. As I say, employees do great work.

Just as you mentioned, in my home State of Pennsylvania, thousands of payments are processed each month. These payments are for retired workers and their families, people with disabilities, widows, widowers, children, yet the number of beneficiaries grows and staffing for SSA is at a 25 year low.

By the end of Fiscal Year 2024, without any changes, staffing will be at the lowest level since 1972. Increasing workloads with limited staffing inevitably results in higher levels of stress and burnout.

This is causing problems for workers, applicants, and beneficiaries, leading to higher turnover, backlogs, and delays. SSA used to be ranked one of the best places to work and now ranks at the bottom.

Commissioner, you made reference earlier to this, but I wanted to, you know, to highlight it again or add to it. How are you engaging SSA employees? I know you have had a number of town halls and engagements like that, and what is your kind of broad-based plan to improve staff morale?

I know I am over, but soon as the Commissioner is done with this answer, I will go to Ranking Member Braun.

Mr. O'MALLEY. Senator, you kind of hit the nail on the head. Ten years ago, when we were able to operate on 1.2 percent of our overhead, we were rated as the best place in the Federal Government to work. Now we are dead last. The pressure that has been—

The CHAIRMAN. Went from best to last.

Mr. O'MALLEY. We went from best to last. In fact, we have been last for three years in a row and some people on the FEVS survey vote with their feet by not even bothering to fill out the survey again.

I have done nine town halls with employees all across the country. Not with set remarks, just more Mayoral style, you know, and what I have felt and what I have seen out there is a workforce that is exhausted. They are stressed. They are overworked. The managers feel this pressure intensely as well. The sense that people don't care that their workloads are just getting higher and none of their bosses listen.

Nobody in Washington listens. That morale problem then leads to all sorts of problems affecting the health of the workers, and if the workers aren't healthy, our customers do not receive good service.

Here are a few of the things that we are doing. First and foremost, I have been present, and I have been listening, and that actually is important. Some people in the town halls have said, you know, we just haven't had a commissioner that we could fuss at for so long. Some of the problems are things that you have got to believe when you are on the front line that nobody in headquarters cares if they haven't fixed this by now.

We are fixing some of those things, and when we do, we let people know. We had 1,600 employees respond to the engage survey that we did right off the bat, and there is one more thing that we are working on and that has to do with when people ask for a reasonable accommodation in the work—because they have a sick child or they have some condition that requires that reasonable accommodation, that should not linger and take a year to resolve.

We are doing some reforms on that score as well. I meet regularly in every month with the Labor Management Council. I encourage the Regional Commissioners to do the same thing, because the best ideas I ever received for improving customer service as a Mayor or a Governor always came from the people on the front lines doing the work, at the MVAs or the other places.

Now we have a system that actually listens to them and implements these changes.

The CHAIRMAN. I might just cut you off there only because we are over.

Mr. O'MALLEY. Yes, sir.

The CHAIRMAN. I will go to Ranking Member Braun.

Senator BRAUN. I am going to defer to Senator Scott.

The CHAIRMAN. All right.

Senator Rick SCOTT. Thank you, Chairman. Thank you, Ranking Member Braun. Commissioner, thanks for being here. Thanks for taking my call. I think all of us probably are dealing with this overpayment issue, and I know you have got—you have come up with some proposals, so to do deal with that. Thank you for doing that.

Mr. O'MALLEY. Thank you.

Senator Rick SCOTT. You are aware we were both Governors, and Senator Braun is going to be a Governor, so, when we—as the Governor, you have to sort of solve all the problems. It sounds like you are really focused on the service problems, which is outstanding that you are doing that, and that is going to make it—you know,

if you are able to get that done, that is going to make a difference, so thanks for doing that. I just want to talk about just the fact that it goes bankrupt in 1934.

One thing that surprised me is, we just got President Biden's fourth budget, and there was nothing in the budget that actually protects Social Security from the standpoint of it didn't reduce when it was going to go bankrupt.

There has been nothing in there which has surprised me. I can't imagine, I don't know, when you walked in, if you had as Governor, you know, I don't know where your pension plan was, but you tried to make sure it was fully funded.

Aren't you surprised that there is nothing in the budget to deal with the solvency issue of Social Security?

Mr. O'MALLEY. When I was elected Governor, our pension system was very challenged, was facing an immediate, unsustainable future and we had to fix that. People weren't happy about it, but we fixed it.

The depletion event, as the actuaries call it, to distinguish it from bankruptcy, that is now estimated to be happening in 2034. That would be the point, if you men and women of our Congress don't act as your predecessors did about a month before the last depletion event in 1982, if you don't act, it is true that Social Security would only have 77 percent of the dollars that it needs to meet full benefits.

I am not terribly surprised in terms of a formal proposal from the President, because I know he has been very clear about his policy position, and I also know that he has consistently stated his desire to see those that earn more than \$400,000 start to pay into Social Security again.

I also know from having gone through the confirmation process and met with many of you, that there are a lot of ideas out there. There are some of your bodies who told me we should try to do this right now.

There are others who said there is no way in the political dynamics of an election year that things can get solved right now and we need to do it after the next election. Fortunately, I no longer have a political job, so those calculations are——

Senator Rick SCOTT. You are going to get it done.

Mr. O'MALLEY. Those calculations are not mine to make. They are yours to make. We have great actuaries and anything, any way that we can be of help as you think about this, we would be very responsive and able to do so.

Senator Rick SCOTT. I am sure you didn't read it. I proposed a bill that would make sure that we didn't reduce benefits for Medicare and Social Security, and I can't imagine doing it without reading the bill. I am not suggesting you sign off on the bill, but you probably agree with that, right? We shouldn't be taking people's——

Mr. O'MALLEY. That is the goal.

Senator Rick SCOTT. It is not a hard one, is it? Do you support efforts by Congress to use savings generated on programs like Medicare or Social Security to pay for other spending?

Mr. O'MALLEY. Well, that would be a policy call.

Senator Rick SCOTT. Do you think we should do that?

Mr. O'MALLEY. I think we should do whatever it takes to secure, you know, for the security of the men, women and children in the Nation, as FDR said.

Senator Rick SCOTT. Okay. If you—okay, so I will give you an easy one. Would you allocate any—would you, if you have to choose, \$80 billion to the Social Security Trust Fund or \$80 billion TO add more IRS agents. Which one would you choose?

Mr. O'MALLEY. Well, again, that is a policy choice. What I would suggest is that you don't even have to choose between the two, because people have already paid for the 1.2 percent we need in customer service, and they paid it in their FICA, and it is already there. We just need to be allowed to use that out of the trust fund, and if we did, Senator, it would only advance that depletion event by 30 days.

Senator Rick SCOTT. One quick question, telework. You have got, I think you said you have 55,000 employees. How many people are working and in office versus working from home?

Mr. O'MALLEY. You know, it depends on the job, and it depends on the function. I did make an announcement about adjustments to our telework policies. Can I go into that as succinctly as I can?

Senator Rick SCOTT. Commissioner, can you say where it was before COVID and where it is now?

Mr. O'MALLEY. Yes. It is an interesting story. To encapsulate it, at the end of President Obama's Administration, he encouraged Social Security to make their processing workloads portable. It was not because he was President and saw that a pandemic was about to shut us down.

It is because he wanted to reduce carbon footprint, impact on climate and all of those sorts of things. Social Security responded, and they made many of their workloads portable, meaning that they could be done from any place, either at the office or at home, and thank God they did.

When a new Administration came in, they put an end to that policy. They said, everybody has to work at a worksite five days a week, and then about a year later, the pandemic hit, and they said, oops, everybody go back to work at home. We have had a lot of whiplash. Ever since the pandemic ended however, all of the field offices have been open five days a week, 9:00 a.m. to 5:00 p.m., five days a week. The employees do three days in the office, and then two teleworking out of the week.

The managers have to manage that, and some of their work involves what they call adjudication, the followup stuff, the processing. It is not all just seeing people through the glass. You got to process those cases.

I made an announcement on February 2nd that I would of course be in headquarters five days a week. My command staff, the people in the Commissioner's office, are four days a week, one day of telework. Everybody else, three days from telework. I am sorry, three days onsite, two days on telework.

That also affected all of the headquarters in the nine different regions of SSA. The computer programmers were two and three, two days onsite, three of telework, and we hope that that is going to be a better and more effective balance.

Senator Rick SCOTT. All right. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Scott. I will turn next to Senator Warnock. Before Senator Warnock's question, I am going to have to be out for a period of time, probably about a half an hour, but between now and then, Senators will be able to answer questions, and I will be back. I think after Senator Warnock, we will go to Senator Vance, and then Senator Fetterman. Somewhere in between there, Senator Braun will be back, and he will ask his questions. Senator Warnock.

Senator WARNOCK. Thank you so very much, Chair Casey, for holding this important hearing. Commissioner O'Malley, it is great to see you again. Of course, I have known you a long time, first as Mayor O'Malley when I pastored our church in Baltimore.

Governor O'Malley, now Commissioner, thank you for your life-long commitment to service. My office frequently hears from Georgians about benefit overpayments and subsequent claw backs. I know you have talked about that in your opening statement. I think it is always important that we center the people as we discuss policy, remember the human face of the issues we talk about.

A few years ago, Savannah resident, Denise, got a letter from the Social Security Administration informing her that she owed the agency \$58,000 in overpayments through no fault of her own.

She wasn't aware of it until she got the notice years later. She couldn't afford to pay that amount back, and the agency reduced her monthly benefits to the point where she can no longer afford her rent. That is the human cost, the human face of these policy issues and issues that need to be resolved.

You said one of your priorities is to address overpayments, and I know you have addressed that to some degree in your opening statement, but as we think about the question, how does the agency plan to address this systemic issue, if you were to outline say the top two or three things that you think about that need to be done right now to begin to resolve this, what would those be?

Mr. O'MALLEY. Yes, sir. This is one of the top—on January 2nd, I sent, now hear this sort of a welcome back after the New Year's holiday to the command staff, the Senior Executive Service, and we are in a customer service crisis.

Our top priorities are the 1-800 number, the time it takes for a disability determination, and third, to address the injustice we do to real people who, through no fault of their own, find themselves in a position of having 100 percent of their benefits that they live on intercepted until they can make other payment arrangements.

Before I had even been confirmed, there was an outstanding person assigned to untangle this problem and its impact, as you said, Senator, on real people, and her name is LeeAnn Stuever.

She has done an outstanding job to help us do a deep dive and get our heads around what is the universe of people, and what are the root causes, and what can we do right now so that our obedience to the congressional mandate that we take actions to recover overpayments when there has been a mistake doesn't run contrary to the whole purpose of the Act itself, which is to keep seniors from being put under a bridge through no fault of their own.

The top things that we are doing is today I am able to announce that we are no longer going to have that claw back cruelty of intercepting 100 percent of a payment if people do not respond to our notice to call us and work out other terms. The second thing we are going to do is shift the burden from asking the claimant to prove that they didn't contribute to it instead to a neutral position.

If we have reason that says that they were at fault, well, we should have to produce that reason, not them. Then the third thing that we are going to do is—actually two more. Third thing is that just as the VA, when they make mistakes, has a 60-month period to recoup that overpayment—we had been operating on 36 months.

We are going to extend that to 60. Finally, we are going to make it easier for people who have received an overpayment to be able to file for a waiver and have that issue resolved. We are looking to do more as well.

I am not able to announce that now because a lot of this involves training and changes to systems so that when people walk into the 1,210 field offices with an overpayment, they are properly managed. Those things will all have a big impact on some of the people who find themselves in the positions like the woman who called your office.

Senator WARNOCK. No, it is good to hear the ways in which you are focused on this and will remain vigilant alongside you in this effort. People like Denise and others shouldn't have to be penalized for a situation that they did not create. I see I have just five seconds so I will end with that. Thank you so very much.

Mr. O'MALLEY. Senator, thank you, and for your leadership and friendship through the years.

Senator WARNOCK. Thanks.

Senator VANCE. Great. Thank you for being here. It is good to see you, and thanks for your service, Commissioner O'Malley. I want to thank the Chair and the Ranking Member for hosting the Committee.

You know, I think almost all of us in our chamber support Social Security, and we want it to be solvent healthy for future generations. I wanted to ask a couple of questions. You know, one, just about wait times.

We have heard from a lot of constituents in the State of Ohio that, you know, when folks are calling the 800 number, they are waiting a lot longer than they used to. Hold time for callers in 2020 was 16 minutes. By 2022, it is 33 minutes. 2023, it is 38 minutes.

Now, that is according to some analysis that my staff tracked down, and I wonder sort of what is driving that? That seems like a pretty significant increase in wait times from 16 to 38 minutes in just a couple of years.

Obviously, you know, that is time wasted for a lot of people. Just curious sort of what is driving that or if you have any sense of what is causing it.

Mr. O'MALLEY. Yes, sir. The agency started to move to a new integrated phone system shortly before the pandemic. When the pandemic hit, they stopped engines, said, whoa, we just need to be able to shut down all the field offices immediately because a lot of people do call the field offices.

Where, by the way, the answer time ranges between three and five minutes. They needed to have an 800 number up and going right away because they had kind of moved away from the old one that had been operated by AT&T. That required a lot of shift.

The long and short of it is the 800 system that we have today has never fully lived up to what we were promised, especially when it comes to the business intelligence and the center of that system that allows calls to be shifted, people to remain in line, to allow the sort of things that all of your constituents in Ohio would expect from any other 800 number.

A call back if we are too busy and those things. We have struggled with that. Additionally, this system has never provided us with the sort of management intelligence that allows us to be able to better manage the workload, the peak times, and distribute them effectively across our 24 different call centers in different time zones across the country.

Senator VANCE. Could I ask, Commissioner, is there a plan to transition away from that 800 number system or to better bolster and make it more responsive? Like how are you guys thinking about responding to the issue?

Mr. O'MALLEY. We are open to anything that will alleviate this problem as soon as we can. I was on the phone just two days ago with the CEO of Verizon, who is the company that we contracted with. They offered this 800 number.

I am hoping to get some word back from them within the next 24 hours, having in very direct language expressed to them the failure of their business intelligence to deliver as promised. There are other approaches, one of which we are using, a Call Center as a service, and that one seems to have some promising results.

Ultimately, as you can appreciate, where we need to head is to a system with modern customer relations management. When that person in the tele-center gets a call from Mr. O'Malley, they are able to have the screen in front of them, see what my concerns are, when I called before, not to have to ask my name, address, and Social Security number, all of those sorts of things.

Those are some of the challenges that we have had. Having said that, at our last SecurityStat meeting, we had reduced the call wait time to 31 minutes. Now, it is nothing to write home about, but it is better than 39.

Senator VANCE. Better directionally, sure. I am mindful of my limited time here, but, you know, we would love to work with your staff and try to address that issue. If you guys have particular ideas, certainly bring them to us, because we would like to be helpful, and with that, I will yield back the remainder to the ranking member and appreciate you being here.

Mr. O'MALLEY. Thank you, Senator.

Senator BRAUN. Senator Fetterman.

Senator FETTERMAN. Governor, good to see you again. I just want to acknowledge, you enjoyed a very strong bipartisan vote to bring you on, correct?

Mr. O'MALLEY. Thank you. I did.

Senator FETTERMAN. That is a testament to your career and how serious you take this job.

Mr. O'MALLEY. Thank you.

Senator FETTERMAN. Twenty-five years ago, I was a graduate student at the Kennedy School, and we were tasked with a policy analysis exercise. They were—they charged us to now, to evaluate and to implement a program to privatize Social Security.

I was like, wow, that is kind of crazy. I always thought that Social Security was very sacred, and I turned out to be the only student there to—I wrote things that I refused to entertain this, to put this in, and I argued that we just have to keep this in that kind of position, and they actually gave me a failing mark.

The one of the notes that I remember was Gene Sperling would fire you. You deserved to be, and one of the things we also talked about is that Social Security is then the stability of that.

I believe that it is actually very stable as well, too. People—and it also was clear that some kind of actuarial kinds of adjustments or other kind of minor changes could really extend liquidity for decades. Is that accurate?

Mr. O'MALLEY. Yes, sir, it is. I mean, it has been a remarkably simple program in one sense. I don't—

Senator FETTERMAN. This is like this whole kind of, you know, the sky is falling that it is bankrupt or any kinds of things like that—

Mr. O'MALLEY. Not going bankrupt. At worst, if Congress were unable to act as you had in 1982, there would be a big depletion event, but it is not going bankrupt. As long as Americans work, it will not go bankrupt.

Senator FETTERMAN. Yes, and I agree. It would just mean, you know, it is so critical to millions and millions of Americans, and it just would be just some small kind of adjustments like that, and then that would stack decades and decades of stability and financial security on this.

Mr. O'MALLEY. Yes. As does a better performing economy and more job creation and rising wages.

Senator FETTERMAN. Yes. That is where we are at. I find it strange, it almost makes me giggle that, you know, we had members of the other side were more concerned about time calls, but now that their nominee is—discussing about cutting Social Security and things. Now, you wouldn't think that that would be advisable to want to cut that or to explore that kind of a conversation? I wouldn't think so.

Mr. O'MALLEY. In my travels through these halls, I haven't met one member that wanted to cut Social Security, and I have met members of both parties that were surprised that we already have cut in terms of customer service. I think that was unwitting. I haven't talked to a single member that said they believe we should cut Social Security.

Senator FETTERMAN. Yes, I agree. I am just like you. All across Pennsylvania, I have never run into a senior or a recipient saying, you know what, we are getting too much, and we really need to think about, you know, we could cut back and tighten our belt.

I just want to acknowledge this as well too, that I would hope that in a bipartisan level that we want to protect that and strengthen it and address it and not turn it into a political football, and just address it in ways—and making those kinds of relatively

minor kinds of changes to allow Social Security to be secured and fully funded for decades and decades down.

Even my, one of my professor, Alan Simpson, my Republican—a Republican from Wyoming, you know, mentioned the same thing, that it is going to be—it is often difficult to address that because it is utilized more of as a political football, and is that the same statement too? Would you agree with—

Mr. O'MALLEY. Was smiling only because I remember Alan Simpson and he always makes me smile.

Senator FETTERMAN. Love that guy.

Mr. O'MALLEY. The challenges that face Social Security in terms of a longer term solvency are things that this Congress certainly has the ability to address. The good news is that this program has the support of 80 percent of the American people in a time of pretty polarized politics. That is an enormous consensus for extending it.

Senator FETTERMAN. I, you know, if 80 percent of Americans support that, I am willing to bet that it is 99.999 percent of people that are recipients that support this program as well too, and millions depend on that. Again, thank you, and thank you.

Mr. O'MALLEY. Thank you, Senator.

Senator BRAUN. We have had a lot of talk about what to do with Social Security. I think you made a clear statement. No one wants to, cut benefits. Let's go to the other end to make it solvent.

What do you do—talk about the impact, how much would we need to keep it solvent for as far out as you can see, because it does actuarially go broke here before we know it. It is 2034, I think. Is that—

Mr. O'MALLEY. Yes, sir.

Senator BRAUN. Yes, so what—be specific on what it is going to take to make it solvent.

Mr. O'MALLEY. When I said, yes, sir, let me be very clear. It is not projected to go broke. It is not every—

Senator BRAUN. When you have to cut benefits, and I guess you said 23 percent when that occurs.

Mr. O'MALLEY. Yes, sir.

Senator BRAUN. To avoid that—

Mr. O'MALLEY. To avoid the 20 to 23 percent cut which is currently scheduled in 2034, Congress would need to make some changes in order to extend it.

Senator BRAUN. Would you be specific on what that would be so we can hear it? I am sure you are going to know the numbers. You should.

Mr. O'MALLEY. Yes, sir. The President has proposed having people once they make \$400,000, pay again into Social Security.

Senator BRAUN. What percentage would that be if that group started paying? What would they have to pay into it? What percentage of that income would it be to get it solvent?

Mr. O'MALLEY. Senator, I came here mostly prepared to talk about the customer service things, so.

Senator BRAUN. Well, you can get back to me on that or any other tool in addition to just paying more into the system.

Mr. O'MALLEY. Sure. I tell you, one of your colleagues, Senator Cassidy from Louisiana, talks about different dials on the actuarial

stuff. I am certainly willing to dive deep and go into that with any member that wants to.

The person better able to do that is our actuary, Steve Goss, and but anyway, back to the call of your question, on those various dials, you know, members of this body have been putting forward bills.

Some people suggest that you should count not only the earned income, but you should also count investment income as part of that. Some have proposed that people should start paying into Social Security, not just when they hit \$400,000 on the year, but \$250,000 on the year.

Those are the policy decisions, or Senator Cassidy, your colleague from Louisiana, says those are the dials that can be considered. Here is something I learned that I did not know before when I asked about the depletion event last time.

I said, what did they get wrong? How is it that Tip O'Neill, Ronald Reagan, Howard Baker, and all these smart people and the actuaries thought that they were creating 75 years of adequate funding, even accounting for the baby boomers. I said, did he not know that the people my age had been born?

He said, no, we knew all of that. That was calculated. There were two things we missed. Steve Goss told me they missed the duration and the depth of the recession. They probably should have calculated in a longer recession.

The other thing they missed was the changes to the tax code that happened after their bipartisan fix in 1982, which, by the way, only happened about a month before the completion event because human beings work against deadlines, I suppose.

He said what they didn't calculate was the changes to the tax code would move a lot of the earned income out of that bracket that they were asked to set, and they were asked to set it at 90 percent.

Ninety percent of income in America, you pay your Social Security FICA on. They set it at that in 1982, but over the course of time, it shrank to just 82 percent because of the concentration of wealth among the highest three or four percent of earners took it out of that, so those are the two reasons why it was moved up from 2050 to 2034, but it can be moved out again.

Senator BRAUN. Raising revenue in a variety of ways that might be done, what about the concept of means testing? Do you have an opinion on that?

Mr. O'MALLEY. I think one of the beauties of Social Security is that everybody that pays in receives a benefit. I would like to do a double pump on this because I am no longer running for office. I will never run for office again, so these policy calls are not my calls. They are yours.

Senator BRAUN. Let's go to another one that is probably is inherent in almost any Federal program. I have weighed in the loudest on Medicare, \$60 billion a year in fraud in a program that is as dear as what Social Security would be.

Last year alone, I think it was \$2.7 billion on urinary catheters. I can't imagine how there could be that much fraud on one item, but that is part of \$60 billion. What is the figure of fraud that would be part of Social Security?

Beyond fraud, how—what percentage would there be there of payments made to the wrong beneficiary for the wrong amount? Tell us a little bit about that.

Mr. O'MALLEY. Yes, sir. There was a front-page article in the New York Times, in fact, just last weekend about fraud and about people hacking into our system, using false identities, in essence, taking over your, My SSA—

Senator BRAUN. Is there a number out there that—

Mr. O'MALLEY. Yes, the number in this article, based on a GAO report, said it was approximately \$34 million, I believe over the last three years and—

Senator BRAUN. \$34 million?

Mr. O'MALLEY. \$34 million by this particular type of fraud. The larger number, there have been some GAO reports I don't have in front of me that looks at fraud across the board of agencies, but in this particular instance of people hacking and using fake identities and diverting payments, it was \$34 million over the last three years, and we believe that we stopped \$23 million of that.

Of the eight meetings we have in regular rotation for SecurityStat, one of them, Senator, exclusively focused on fraud, upping our game, getting inside the turning radius of the bad guys and the fraudsters.

I am glad to be able to report to you that seated at that table—and by the way, it is the only one we close to the public for obvious reasons. Seated at that table is our independent Office of Inspector General, because her feedback, without diminishing her independence, is really important to us.

To that catheter case, when I read that one about, in the Medicare context, I thought to myself was nobody mapping this? We are greatly dialing up our geospatial, our ability to recognize anomalies on the map—

Senator BRAUN. We would like your office to get back to kind of categorize to the best of your ability to do it, how much fraud would be a part of Social Security. It was an alarming amount in terms of what it was for Medicare.

Several of us are weighing in on that, and that is arguably a benefit that could be fixed in many other ways, like trying to reform health care by making it more competitive. I see ways that you can do it where you are not up against the actuarial table like you are with Social Security.

We hear about fraud in so many different ways, just like when we did the extended unemployment benefits. Somehow, you have reports of \$50 billion to \$150 billion being swiped in a special program.

We can't take the hit here when we are running now \$2 trillion deficits, and Social Security is the biggest program we got out there.

Mr. O'MALLEY. Yes, sir. I will be glad to get back to you with an overview. I was flipping through my folder here to the last fraud STAT, but I will be glad to get back to you with the kind of—

Senator BRAUN. If you would.

Mr. O'MALLEY.—a high level view of what the most common types of fraud is and the amount that we believe we are losing because of it.

Senator BRAUN. I ran a business for 37 years, and if we ever had any kind of irregularities that would have been in the category of what you hear here—

Mr. O'MALLEY. Of the catheter—

Senator BRAUN. I mean—somebody gets fired. You know, you either fix it immediately, but mostly there would have been some type of awareness that you couldn't do it in the first place, and if it does get to be part and parcel of a company, you know, they pay the price big time, and not to mention there might be liability involved to boot. Here was something that struck me. It was on e-signatures, which is an efficiency tool. You can do it almost in anything. It was part of a Biden directive shortly after he got elected, which would have been in 1921.

Chairman Casey and I had to write a letter to the Social Security Administration. We did that back on December 13th, and ironically, we did hear today from the Social Security Administration—

Mr. O'MALLEY. It wasn't ironic. It was causal.

Senator BRAUN. Okay. Stuff like that, that is low hanging fruit. I imagine being a Governor, I know for me, coming from the real world of running a business, some of this stuff is just astounding that it can happen.

Your general opinion, why aren't we being alert to stuff that would get caught in a split second in other places, State Governments, the private sector? How can we be in a place where like for Medicare, for instance, you can have a figure of \$60 billion in fraud.

I know billions are now kind of chump change, but that is still a big figure.

Mr. O'MALLEY. It is a huge figure. Let me say on the letter, I apologize for the amount of time that it took to get back to you on eSignature. Social Security has been a bit behind in joining the world where eSignatures are, you know, a common way of doing business. We are making some substantial progress. The initial letters and drafts I saw back to you, I didn't think we are sufficiently responsive to the question.

Senator BRAUN. I think that is a good way to put it.

Mr. O'MALLEY. I made them dig deeper, and it is a much better—I think you see in there and with the pie chart, and I was just on the phone with the IRS Commissioner or texting him earlier today about a remaining item that we need his help on in order to allow us to do attestations rather than signatures.

We have been doing more eSignature, and we are making progress on that. Also removing requirements that just no longer make any sense for actual signatures when we can do that stuff over the phone. I think this is the thing that most people miss when it comes to waste, fraud, and abuse.

I remember after the attacks of 9/11, I was talking to a national security professional and about how we miss things. He said, you know, Governor—I am sorry, Mayor. He said, you know, Mayor, if we only knew what we already knew and did something about it.

When I was Mayor, we started doing something that hadn't been done before. We asked, can you show me all of the top earners of overtime and all of the top users of sick time, and could you rank

them from greatest to least? I mean, we couldn't do that in public. They are individual people.

They said, you want what? I said, I want you to rank—I mean, things like that that have never been done. Or on ambulance runs. What are the addresses that we go to time and time again?

Senator BRAUN. That is just common sense. You are really forced to do that as a Mayor, because if you are letting stuff like that go, people will run you down at a ballgame or some other place. You are going to be held accountable here—I am worried about the fact that we have lost that.

In one other—Chairman Casey is going to be back shortly. We are going to take a short recess. We may still do that until 11.30 a.m., but WEP GPO. That is a—to fix it, it is about an \$18 billion a year fix, \$180 billion over 10 years. That has got an inherent unfairness to it in a way that has kind of come down.

Sadly, we are in a position where that would be difficult to fix due to the fact we are borrowing a couple trillion dollars each year, but the overpayment part of it. If there is one thing that I try to get to the bottom of right away, it would be to fix that.

You mentioned it earlier, I think, in your opening statement, and I would rather than just give a pass on that, because they are already dealing with the unfairness of not feeling that they are getting benefits that are equal to what others are, is what can we do to prevent the overpayments in the first place rather than forgiving them once they occur, or either trying to clawing them back which is insult on top of injury.

Mr. O'MALLEY. Right. We have done a lot of unpacking of this to figure out what the leading causes are, both in Title 16, SSI, where the leading causes are financial accounts, wages, and in-kind support, and maintenance.

In Title 2, the retirees and disabled, relationship and dependency was the leading cause and substantial gainful activity, in the other words earning above that is another one, and computations, I suppose, is the larger bucket where the WEP calculations would fall.

The reasons we discover these things have to do with the annual earnings adjustments, and frankly, not to sound like a broken record, when you have fewer staff, sadly, it takes us longer to catch up with the overpayments and do the notices and address them than it might have before, so that is a part of this. We just put forward regs not exactly related to WEP, but we did put forward regs on the payroll information exchange, so, our ability with a large national company like Equifax to be able—and a data solution to immediately be able to identify a person's earnings—so hopefully that will mitigate some of these overpayment problems.

Senator BRAUN. I think that would be an important one, and then the probably the most basic thing for anybody that is offering a service of some sort. I know in our business, if a phone call went over a minute, we felt that was a phone call maybe lost to a competitor.

Since there is not competition in this case, if you got the cost up to I think you said 1.2 percent, you know, from where it is currently, what would that do in terms of fixing hold time? Because that is probably the most symbolic feature of dysfunctional Govern-

ment is when you are having to burn a half an hour to just have a phone conversation.

Mr. O'MALLEY. Yes, sir. With the President's budget of \$15.4 billion, we believe that we can reduce our 800 number wait time by 20 minutes.

I believe that we could get it down even further. In fact, in the little four pager I have provided with, we believe that if we were able to operate again like we always had before 2018, at 1.2 percent overhead, we could get that down to five minutes.

In the field offices, it is three to five minutes, if you can find the field office or your nearest field office phone. From the 800 number, if we were up able to operate on 1.2 percent, we believe we could get that wait time down to five minutes.

Senator BRAUN. In the real world, that standard would be whenever you are over a minute, the call goes somewhere else. In our case, it would be to a competitor where you pay that ultimate price.

That is why you figure out how not to let that happen. Government, you know, where it has gone to. It has got to get back down into where people for basic questions in any government agency don't have to hang on to the phone more than a few minutes at the most.

Mr. O'MALLEY. Yes, sir. It is a trust. I mean, our expectations, our consumer expectations also apply to our government. If we can't do the basics of answering the phone, it is hard for people to trust us on larger things like their retirement or the solvency effects that you all have to do in a bipartisan way.

I would like to believe that as we fix the very immediately unfixable customer service crisis, that that will put some more oxygen of trust in the room for you men and women when it comes to the longer term solvency—

Senator BRAUN. Since we are blessed with a lot of time and we are almost to the point where we are we are going to recess anyway, I am going to venture on to a different subject.

Mayor, Governor, you know how it works in jobs like that. Currently, our biggest issue is not just Social Security, it is Medicare, it is Medicaid. It is the fact that we are borrowing \$0.30 on every dollar that we spend currently.

We have never in the history of the country raised more than roughly 18 percent of our GDP in Federal revenues. High tax rates, you flush a little more into the Treasury, economic growth goes down a little bit. Cut taxes, you take a little bit away from the Treasury, economic growth goes up.

Given the fact that we have got 50 years of data that this place can't pay for more than 18 percent of itself, of the GDP, and we are currently at 25 percent, what kind of confidence does that give you that the entirety of it, with Social Security at the centerpiece, is going to be there for future generations?

Mr. O'MALLEY. Well, the good news about Social Security is it doesn't contribute to the deficit, so that is why, you know, the ability to close this yawning gap between the declining staff and the rising beneficiaries, the dollars are already there to do it and it doesn't contribute to the deficit. People have already paid it in their FICA. Some of those—

Senator BRAUN. Would, though at some point, if you were at the point of cutting benefits or borrowing money or having to do it through the general fund. Would you agree with that?

Mr. O'MALLEY. Well, that is true, and it would also be true that I would imagine, any fix to the WEP would require the infusion of general funds, but the good news on answering the phone calls and getting people's disability determinations done before they die, that we could do with 1.2 percent, and it won't add to the deficit.

Senator BRAUN. You would think. I would call that low hanging fruit.

Mr. O'MALLEY. Yes, sir. We need your help picking that fruit.

Senator BRAUN. Well, I think we will have a short recess until the chairman gets back. OK. Give you a breather.

Mr. O'MALLEY. Thank you. Senator.

The CHAIRMAN. Well, I am sorry for the delay. We had to go to a briefing and now we are back. I know that Ranking Member Braun just finished, I guess, a couple of minutes ago.

Commissioner, I will be the last questioner, unless we have someone else who might—we are good, okay. I wanted to go back to an issue that you have made reference to, and I appreciate your comments about this, the issue of overpayments.

In December, as I made reference to earlier, my staff in Pennsylvania had 78 open cases with constituents who needed help responding to SSA overpayment notice. I sent a letter with Senators Wyden and Brown requesting information about overpayments that were linked to COVID-19, checks, which as you know, should be held harmless when calculating asset and income limits.

I am grateful today for your announcement on the changes you are planning to make to respond to overpayments. It is very important that the burden is lifted off of beneficiaries. That is a heavy burden, as you know.

At the same time, we should be working to prevent overpayments in the future and as well as underpayments and to ease the challenges facing both workers and beneficiaries. Here is the question, how do you plan to communicate these policy changes to both SSA employees, as well as to beneficiaries?

Mr. O'MALLEY. We will be doing so in a number of different ways. I mean, first of all, thank you for holding this hearing. As you know, it has been nine years since Social Security's even had a budget or appropriations hearing.

Your attention to this issue, your concern for people all across the Commonwealth of Pennsylvania, and these real life stories is also communication. We will be doing a lot of calls with managers.

In fact, I was on one yesterday with 3,075 managers as LeeAnn Stuever was walking them through the research, the how's and the why's, so they could understand how to implement these new policies.

Sixty Minutes was in a way, as awful as that was for many of us to watch, especially those of us in the agency—that was communications. I mean, we might be accurate 98 percent of the time, but in an agency this large, when you are wrong in two percent of the time, that can create a lot of damage, especially if you are one of those people that maybe didn't see the notice, accidentally threw it out in the mail, maybe thought it was a scam.

We are going to be doing four things right away, and we are going to look to do others. One of them is we are no longer going to do that brutal sort of 100 percent claw back of beneficiaries' benefits. Second, we are going to shift the burden of proof. If the agency has reason to believe the claimant was at fault, we should put forward that proof and not ask the claimant to do it.

The third, we are going to allow repayment plans, as the VA does, and sometimes they make mistakes too, of 60-month period of time rather than the 36 which we had then. Finally, we are going to make it easier for overpaid beneficiaries to request a waiver of that payment, because the Social Security Administration, you have empowered it, Congress has empowered it, to be able to waive certain payments if they defeat the purpose of the Act.

Namely, if it puts an elderly person out of their home that would certainly defeat the purpose of the Act, or if it is contrary to equity and good conscience.

We look forward to putting forward other guidance to the field in order to allow these decisions to be made in a much more immediate, human, compassionate, face to face interaction in the field, rather than allowing it to linger for months and months until we catch up with that.

Let's also be very clear that part of the reason for the growing -- this is interesting, in the research and the unpacking that we did, we have not seen greater numbers of people affected by overpayments, but we have seen the amount of those overpayments go up as our staffing has declined, which kind of makes sense.

If it takes us longer to catch it, that is going to be more months that tick up, which creates an even greater hardship for somebody that is living on their monthly benefit one month to the next.

The CHAIRMAN. Just in terms of a beneficiary, how will they—how and when will they receive information about these new—these changes?

Mr. O'MALLEY. We are going to be changing our notices. Our notices across the board are hard to understand. They are not exactly plain language. It is like Mad Libs designed by mad lawyers.

I mean there is all sorts of language that is hard to track. That is the most important thing we can do is the clarity of the language in the notice to people and that is the primary means. I found it interesting that 92 percent of people actually go to the trouble to sit on hold for 39 minutes in order to repay and work out a payment plan.

I have listened on the other side of some of those calls when people say, look, I told you I would do \$200 a month, I can only afford \$100. Our people have the ability to make those adjustments, but the notices is probably going to be the primary way that we improve communication to people.

The CHAIRMAN. They would see that when?

Mr. O'MALLEY. The new notices, if memory serves me correctly, within the—we need a couple of months in order to effectuate the change to the notices. However, in the meantime we are doing a kind of a manual work around for notices especially in those instances where it has defaulted because of a lack of response to that 100 percent intercept.

We are taking those out and tending to them manually. We are also doing something else. This ordeal has allowed us to be able to better analyze and parse this data, to focus on those incidences also where there are huge amounts owed by a very tiny number of people, that we can also address.

Now, some of those, if it involved fraud, we are not going to address, but those that were no fault, we will and do so more quickly.

The CHAIRMAN. Is there any way to expedite that from a few months?

Mr. O'MALLEY. You should have heard what they initially told me.

The CHAIRMAN. Oh, okay.

Mr. O'MALLEY. We are expediting.

The CHAIRMAN. A few months is—

Mr. O'MALLEY. Yes. There is the training and there are changes that have to happen in the 1,210 field offices for some of this. There are also the processing centers.

There are also the separate sort of debt management people. The notices are difficult given the legacy systems, but they are moving fast, and the manual workaround that we are going to do immediately was because of that delay.

I was not going to wait and have seniors suffer hardship, and not to mention all of the anxiety and the other emotional trauma while we untangle our notice issues, so those are going to be done immediately and through a manual workaround.

The CHAIRMAN. I wanted to move to another issue relating to communications. It is challenges within the agency. There is, and none of this is new to you, but there is often confusion and inconsistency when it comes to eligibility service and delivery rules among both beneficiaries and employees.

Ranking Member Braun and I sent a letter to you in December regarding the acceptance of e-signatures, and we appreciate your response for that. E-signatures should be accepted on most documents, but I have heard from legal advocates that SSA frequently rejects e-signatures and requests physical signatures, which is an unnecessary hurdle for many beneficiaries that may prevent them from accessing benefits.

I know that updating procedures and manuals and retraining SSA staff who interact with beneficiaries is time consuming, as you just made reference to in terms of trying to expedite things, but keeping funding and the resulting staffing challenges in mind, I want to discuss some of the ways you plan to improve communications between employees and beneficiaries.

How would you address the need for ongoing training to ensure accurate information is being delivered to beneficiaries? Just on the training question.

Mr. O'MALLEY. Yes, sir. As I have traveled all around the country, I shared with you earlier and let me apologize for the length of time it took to get back to you on the eSignature.

The initial drafts I saw were not responsive, at least to what I would consider to be responsive, so I insisted that we get back to you in a more substantive way. I hope through that pie chart, you see, we have made substantial progress.

More is imminent, and then there are some of those red parts of it that—you know, part of this is not only allowing electronic signature, part of it is realizing those places where we don't need a signature at all, and it can be done with attestation over the phone, but let me go to training.

As I did employee town halls all across the country, Senator, when I was in San Francisco, you would have thought somebody put a banner outside that said SSA town hall about our poor training. Our training really took a hit when we went remote in the recession and the agency has not recovered from that trauma.

There was a time when we did training really well and it was also at the same time that we had the top morale, and there was an esprit de corps. People, young people coming in, learning complex jobs like benefits administrator, had people on the floor, next to them, present, there at the office that they could turn to, as any of us have.

I certainly did as a young lawyer in my profession. Good to turn to older lawyers and ask them how to do this, so, a lot of that fell by the wayside.

Then with the rising beneficiaries and the declining staff, many of the most experienced people were told, well, that training stuff is all great, but there is all these people in waiting lines outside the door. We got to handle these people.

We cannibalized our own training in order to throw it at the customer service crisis and the larger and ever rising numbers of customers. One of the lessons I believe we have learned from last year's hiring that we were able to do thanks to the better budget that you supported, we hired a lot of people, but we lost a lot of them in the first year, and if we are able to start to hire again—keep in mind, right now, we are in a freeze, a general hiring freeze. If you should be able to pass the President's budget, which would be a huge step in the right direction, we absolutely have to dedicate those trainers to training and not cave in to the temptation to pull them off of that training to throw them at the incoming customers through the door.

This agency does workforce optimization like all the time. You and I would call it whack a mole. We are always shifting people from one thing to another to deal with the latest spike in the latest backlog and the urgent problem. We need to have dedicated trainers, and their job is to train.

They are the best at it. We have to be patient enough to realize that after that six months with that cohort of 30 new hires, those 30 are going to more than make up for the productivity so-called lost by having the trainer not in the front window.

The CHAIRMAN. Ultimately it does—it is an outgrowth of the funding and resource issues.

Mr. O'MALLEY. For so many of these things, the greater amount of those overpayments ultimately a root cause is, yes, antiquated technology. Also, a lack of staffing, and the same thing with the training.

We cannibalize. We have been where we are trying to serve more people than have ever been coming through our doors or our phones with fewer staff than we have had in 27 years. For all of

the clever tricks and process improvements and those things, you know, those are singles.

Only Congress can hit the home run of restoring us to 1.2 percent funding again, like we had every year before 2018.

The CHAIRMAN. You know, you made reference earlier to technology. We all have stories about Government agencies at all levels that that didn't have the technology they needed to tackle big problems.

It is alarming for a lot of Americans to hear about the—how antiquated the technology is in so many agencies, including SSA.

Tell me about that challenge and what you think you can do about it with existing resources or not, but what you hope to be able to do with more resources, just on technology alone.

Mr. O'MALLEY. Yes, sir. It is amazing how much data the Social Security Administration has collected on all of us from our very first paycheck. It is phenomenal. It is also phenomenal that it continues to operate, even though the core and the base of it is very ancient COBOL, green screen, IBM technology.

It is a bit like the layers of Jerusalem built upon each and there are a lot of clever people in the field that have some background in coding and product, the technology term of that word product, and they have built some clever things.

In Birmingham, there was a tool that was developed locally there that takes the average processing time for a Medicare only application that would take a technician usually eight minutes to do, and they automated that on an Excel spreadsheet, and they are able to do it in seven seconds.

You multiply that out over a big agency, 40 work years saved and that sort of thing. When it comes to going through now really voluminous medical records and what we call Section F, the part of the disability case folder, we have developed a tool called IMAGEN.

IMAGEN allows the technician—or rather the person making the disability determination, it alerts them to what page of those thousand pages the real meat of listing is, or the doctor's evaluation is. It is even able to compare it to past cases to say this one has 80 percent likelihood of being allowed compared to past cases.

There is some really—the innovation is happening. Most, a lot of it happens out in the field. When it comes to the larger things, we have got to get out of this straitjacket that out of our technology budget, 90 percent of it goes to maintenance of those ancient systems, and only 10 percent goes to developing new systems, or what you and I would call modernization.

Other agencies, particularly the VA, I think the VA has three times our technology budget, even though we serve I do believe more veterans than the VA does. It is people, it is process, it is technology, and we have been short staffed on all of those, or short funded on all of those.

I misspoke earlier when I was talking about our comparison to other, insurance agencies looking at our budget as a percentage of outlays. AllState was actually 19.4 percent as their overhead to benefits. Liberty Mutual is 22.8 percent—I am sorry, 23.6 percent. Social Security traditionally had been 1.2. We are below 1.

Without increasing the deficit, if we were allowed to operate again at 1.2 percent, we could bring customer service back, and the good news is, people have already paid for it.

The CHAIRMAN. I wanted to move for my last question with, this Committee historically has focused on frauds and scams, and issues an annual report to educate folks around the country about the newest scam and the newest iteration of that fraudulent behavior.

I think it is one of the best things this Committee does every year to be able to update that, and every time you think you have learned everything about what the bad guys are doing, they invent some other scheme. We know that older adults are at particular risk for Social Security scam. Identity theft is an issue.

Of course, it affects everyone in the country. Recently, my office engaged with the mother from Delaware County, Pennsylvania, as you know, right near Philadelphia, whose infant daughter Social Security card was lost in the mail.

This family now regularly—maybe I should say that this mother now regularly monitors her daughter's credit card—her credit, I should say, to ensure that no one is using her social security number.

I have co-sponsored the Social Security Child Protection Act, which would require SSA to issue new Social Security numbers to children under the age of 14 if their cards were lost or stolen.

How is SSA supporting individuals whose cards have been stolen? And what other steps is the agency taking to prevent identity theft?

Mr. O'MALLEY. Senator, identity theft is one of the leading causes of fraud, as you know, when it comes to people stealing Social Security benefits. There was an article in the New York Times that happened just last week.

The challenge in all fraud cases is staying inside the turning radius of the bad guys. They are always changing. They are always adjusting. They are always coming up with new tactics and strategies.

We need to become more nimble than the bad guys, and that is what we are endeavoring to do at Social Security. The challenge we face as a customer facing agency is that we want people to be able to access their benefits. We want them to be able to go online, but we also need to make sure that their identity is confirmed and that they are the people going online.

NIST, I understand has recommendations for standards that every agency needs to make, and yet every agency is making those tradeoffs about making sure that it is good for the consumer and that it can be used as indeed banks do. The banks are probably better and more nimble than we are at this point.

We need to learn from them and that is why every two weeks in FraudStat, we lock the door. It is the only one that is not public and with the OIG people there at the table with us, we look at all sorts of methods and tactics and strategies, and ask ourselves, are we doing any better than we were before at detecting and preventing this?

I have heard it said that there are huge numbers of Social Security numbers that are available on the, you know, on the black market.

The agency has been very loathe to issue new Social Security cards, but I certainly would look forward to working with you, especially where children are concerned, because I am not sure that the rationale of somehow messing up your earnings by giving a 6-year old a new card are really in play here.

The CHAIRMAN. I appreciate that. Commissioner, I know we are tight on time, and I know you have all been patient and you have been patient with our fluctuating schedules. We are grateful for that. I will just make some closing comments and we will wrap up.

As we heard from the Commissioner today, the services provided by the Social Security Administration touch the lives of every single American. Social security is the most successful anti-poverty program to date.

The benefits from this program allow tens of millions of Americans, including older adults, people with disabilities, and children, to live with dignity. We should be protecting and strengthening Social Security for those receiving benefits today and for future generations, and we should not be talking about cuts, as so many around here seem to talk about year after year.

I am introducing the Boosting Benefits and COLAs for Seniors Act so adults can receive the benefit increases that they need.

Apart from strengthening benefits, the Social Security Administration needs additional funding, I think that is an understatement, to support agency operations.

This is absolutely critical. The Social Security Administration has been starved of resources, negatively impacting both employee morale, as well as customer service.

So, you can, as a politician, gripe about customer service but don't support the funding for Social Security. Can't blow hot air about what Government is not doing and then not support the funding.

When you do that, you lack integrity. You are throwing sand in the eyes of the people. You are trying to confuse them. If you want the service to be better, you got to support the funding. I say that to my fellow Senators, all 99.

For years, this Administration, the Social Security Administration, has lacked the leadership necessary to keep the agency on track and accountable to the promises that we have made and the basic promise we have made to the American people.

I think Commissioner O'Malley has been a breath of fresh air, with his leadership, his experience, and his determination to make change. I was glad to hear that Commissioner O'Malley has been visiting dedicated workers in field offices across the country, engaging with both unions and advocates.

His hands on, all in approach is something we didn't have in the previous Administration. That is also an understatement. I won't elaborate. We must ensure that SSA workers are supported so they can provide the high quality service Americans deserve.

I look forward to working with Commissioner O'Malley on a whole host of fronts, but in particular to reduce wait times, to improve customer service, and address overpayments. Ranking Member Braun will submit closing remarks for the record.

I want to thank Commissioner O'Malley for his time today and for his public service, his willing to step up and serve again after

serving so—in such a distinguished fashion in his previous roles in public service.

For the record, if any Senators have additional questions for Commissioner O'Malley or statements to be added, the hearing record will be open until Wednesday, March 27th. Thank you all for participating. We are adjourned.

[Whereupon, at 11:57 a.m., the hearing was adjourned.]

CLOSING STATEMENT OF SENATOR MIKE BRAUN, RANKING MEMBER

Thank you, Chairman Casey. Thank you Commissioner O'Malley for your transparency and commitment to improving customer service.

Social Security is a vital program for all Americans. We need to be good stewards of its services and benefits.

We should focus on balanced budgets and a system that works for taxpayers and beneficiaries, not one that works for rigid bureaucracy.

I hope we can build on some of the early improvements at the agency and prioritize innovation.

The only way out of the customer service crisis is effective organization, increased productivity, and modernization.

Thank you. I yield back.

APPENDIX

Prepared Witness Statements

U.S. SENATE SPECIAL COMMITTEE ON AGING

"KEEPING OUR PROMISE TO OLDER ADULTS AND PEOPLE WITH DISABILITIES: THE STATUS OF SOCIAL SECURITY TODAY"

MARCH 20, 2024

PREPARED WITNESS STATEMENT

Commissioner Martin O'Malley

Thank you for inviting me to discuss the Social Security Administration's (SSA's) service delivery, customer experience, and Fiscal Year (FY) 2025 Budget request. I am Martin O'Malley, Commissioner of SSA, and I am deeply honored to be here today on behalf of the agency's thousands of skilled and dedicated employees.

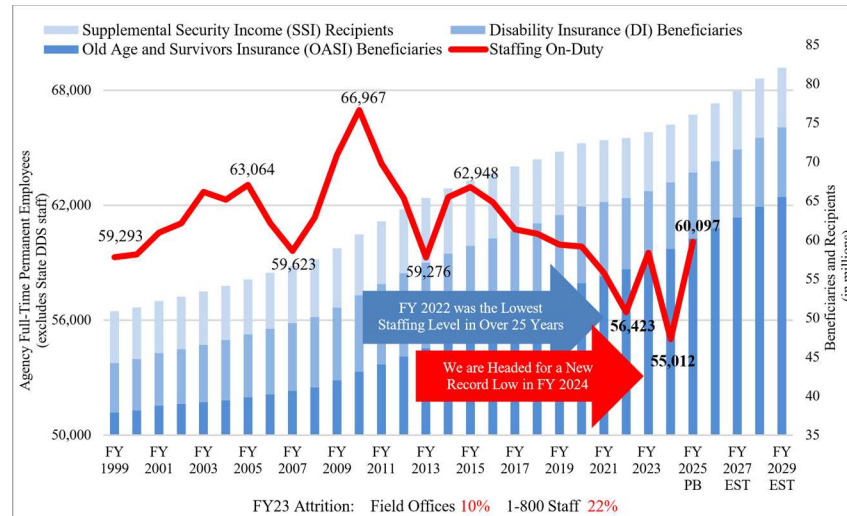
Social Security is the most far-reaching and important act of social and economic justice that the people of the United States have ever enacted, and it is the honor of a lifetime to answer the call to public service once more by leading SSA towards a better future. In particular, I pledged to make improving SSA's customer service my top priority. I was sworn in as Commissioner exactly three months ago today.

It is my strong belief that the public deserves the highest level of customer service from their government. We owe it to every American to improve the customer service and support provided by Social Security, so people can get answers to their questions and get their benefit applications decided in a timely manner. These are your constituents, your neighbors, your friends, and your family. They have paid into the Social Security system, and that includes paying for adequate customer service from the agency.

THE CURRENT STATE**Social Security Is Serving More Customers Than Ever Before with Fewer Staff Than Ever Before**

By the end of FY 2024, SSA will serve over seven million more beneficiaries with about 7,000 fewer full-time permanent staff when compared to FY 2015 (Figure 1). While modernization and other efficiencies have helped for some things, there is no way around the fact that the agency cannot keep doing more with less.

SSA's budget was essentially level from FY 2018 through FY 2021, while costs continued to increase. We had to make difficult decisions to cut funding in certain areas, such as staffing and overtime. As a result, we ended FY 2022 with our lowest staffing level in 25 years.

Figure 1. Staffing Declined as Beneficiaries Increased

With your support, we received a \$785 million increase in FY 2023 over FY 2022. We used that funding to begin to rebuild our workforce to better serve our cus-

tomers and beneficiaries. Our staffing increased to nearly 60,000 at the end of FY 2023 - still historically low, but better than the roughly 56,000 at the end of the prior year.

Currently - due to the extended continuing resolution (CR) that we are under in FY 2024 - we have stopped all hiring, and our staffing levels have already fallen below where they were in April of last year. If we continue this path of no hiring, we will fall to a new all-time low of around 55,000 full-time permanent staff by the end of this fiscal year - nearly 11 percent lower than the roughly 62,000 full-time permanent staff we averaged from 2010 through 2019.

Similarly, the State Disability Determination Services (DDS) were able to make some progress increasing their staffing levels in FY 2023, following years of record-high attrition and a historically low staffing level in FY 2022, but in FY 2024, the DDS have quickly dropped below last year's staffing levels due to our pause in hiring given the funding level, which is leading to a severe setback in addressing a service delivery crisis.

SSA Has Extremely Low Operating Expenses

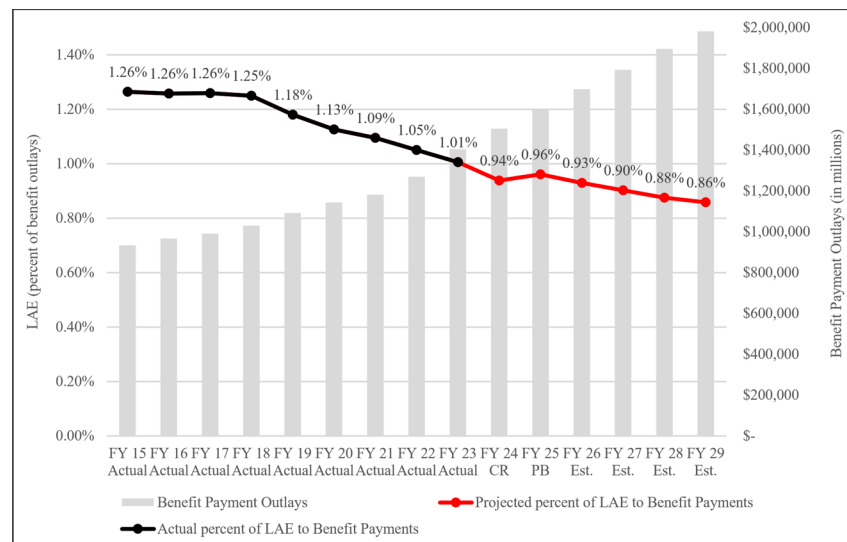
Members may be surprised to learn that Social Security has now been reduced to operate on less than one percent of its annual benefit payments. This is extremely low - much lower than private insurance companies. For instance, Allstate operates on 19 percent of its annual benefit payments, and Liberty Mutual operates on nearly 24 percent of its annual benefit payments.

Please know that I am not suggesting that this was something done knowingly and willingly to Social Security by Members of Congress. However, Congress has not granted Social Security its own budget or appropriations hearing in nine years.

We can and must do better. We want to work with Congress to sustain the funding increases in the President's FY 2025 budget and beyond, to enable SSA to improve service levels and reduce wait times.

Under the current system, Social Security's operating overhead, as a share of benefit outlays, has shrunk by 20 percent over the last ten years. A decade ago in FY 2015, Congress provided a funding level that represented 1.26 percent of benefit outlays for operating expenses (Figure 2), but the proportion has been shrinking over time, as our appropriated administrative expenses have not kept pace with the growth in our beneficiaries and benefit outlays. In FY 2023, it was down to 1.01 percent, and under a full-year CR for FY 2024, it will drop under 1.0 percent for the first time ever, to just 0.94 percent.

Figure 2. SSA's Limitation on Administrative Expenses (LAE) As a Percent of Benefit Outlays



Our Service and Customers are Suffering

As a result of this historic underfunding and understaffing, Social Security faces a service delivery crisis. The situation is dire, and the public we serve is paying the

price as they attempt to access the benefits that they have already worked their whole lives to earn. For example:

- Backlogs in the states continue to grow. Disability applicants are waiting on average nearly eight months (228 days) for an initial decision and an additional seven months (223 days) for those who request a reconsideration. However, for those applicants with the most severe health conditions, we award benefits in less than 30 days.

- People who try to reach us by phone are now waiting on hold for 38 minutes or more on a dysfunctional 800 Number system.

- Our agency has long strived to get the right amount to the right person at the right time, but struggles to catch erroneous overpayments in a timely manner, which can have damaging consequences for beneficiaries.

Still, we do our very best every day to serve the highest number of beneficiaries we have ever served in the face of the lowest projected staffing levels in 27 years.

HOW WE'RE ADDRESSING THE SERVICE DELIVERY CRISIS

As soon as I was sworn in three months ago, I announced my intent to focus the agency on three key service delivery challenges in 2024: disability determination wait times, National 800 Number wait times, and overpayment and underpayment inequities.

Since then, I have held countless briefings with executives and staff, met with labor partners and advocates, and most importantly, I have traveled to SSA's regions across the country to meet with and learn from the dedicated employees who are tirelessly serving members of the public each day in our offices and on our phones. I conducted 10 town halls in headquarters and the regions where I was able to interact with about 2,000 employees. I visited field offices, hearing offices, processing centers, and teleservice centers. I sat in with call center representatives taking calls and sat side by side with claims specialists interacting with the public. I heard countless suggestions for improvements both big and small, some of which we are already beginning to implement. I also made an open call for employees to submit their ideas and insights for improving customer service, and so far, we have received nearly 3,000 submissions and counting. I am grateful to the dedicated SSA employees who took the time to submit their ideas, and I have begun to personally review and respond to as many as I can each week.

Based on what I have learned from inside and outside of the agency, including conversations with employees and customers, I have implemented numerous changes to improve both our employees' experience and our customers' experience with us. I like to call these quick wins or low-hanging fruit - that is, things where we have the authority and the ability to act quickly and make immediate improvements, no matter how seemingly small.

For example:

- During my visit, one employee in Boston identified the need for a simple technology fix to create a "no to all" button (similar to "select all") within the claims-taking process on Supplemental Security Income (SSI) applications. By doing so, we could reduce staff time in collecting information on applicants' financial resources. We were able to implement this fix within four weeks of first hearing the idea.

- Also based on an employee suggestion - this one from Birmingham - we rolled out a nationwide expansion of a new Automated Medicare Process (AMP) to improve backend processing for online Medicare claims. This will reduce processing time from seven minutes to seven seconds, freeing up the equivalent of around 40 people to do other critical pending work. In one week, we implemented a fix that had been stalled since 2011.

- To further increase our ability to collaborate, engage, and innovate across the agency, I announced an increase in on-site presence at SSA's headquarters and regional offices, starting April 7. (SSA's field offices have been fully open to the public since early 2022 and are not affected by this change.)

- Last month, we published formal notice of our plans to access and use information from payroll data providers.¹ This long-awaited automated payroll information exchange (PIE) will reduce wage-related overpayments by ensuring we re-

¹ SSA, "Use of Electronic Payroll Data To Improve Program Administration." Federal Register, 89 FR 11773, February 15, 2024. <https://www.federalregister.gov/documents/2024/02/15/2024-02961/use-of-electronic-payroll-data-to-improve-program-administration>. See also: SSA, "Social Security Publishes Proposed Rule for Payroll Information Exchange to Reduce Improper Payments." February 15, 2024. <https://www.ssa.gov/news/press/releases/2024/#2-2024-2>.

ceive timely and accurate wage data. The notice is open for public comment until April 15, 2024, and we encourage all interested parties to submit comments.

•We are also working on three final rules that will simplify and streamline the consideration of non-cash assistance within the SSI program. By taking these actions, we will increase the accessibility of this vital needs-based assistance, while also decreasing overall processing time.

SecurityStat

On February 5, 2024, we launched SecurityStat, standing biweekly leadership meetings to track and align on key performance outcomes across rotating challenges. Many of you have kindly sent your staff to observe this new way of doing business at SSA. Your attention, your interest, and the presence of your staff at our side have been more deeply appreciated than you can know.

SecurityStat is based on the successes I had with CitiStat and StateStat in my prior roles. I have found in my past experience that a focus on data for all, combined with regular accountability and collaboration, helps to create a winnable game for employees and improve performance across the board, especially in large agencies. That is precisely what SecurityStat is about.

The four central tenets of SecurityStat are: timely, accurate information shared by all; rapid deployment of resources; effective tactics and strategies; and relentless follow-up and assessment.

SecurityStat is critical because the service delivery challenges that we face are cross-cutting. No one component of SSA, no matter how well-led, can solve any one of these problems by itself. Rather, we must work together across the agency in timely, agile, and collaborative ways as never before. SecurityStat provides a systematic and recurring method of doing that, by gathering the top leaders in a room together and engaging in data-driven performance management.

Every two weeks, in a rotating fashion, we gather together and focus intensely on the most important things SSA is charged with accomplishing for the American people and for you, their Members of Congress. For one blessed hour every two weeks we focus, together, on each of eight key challenges:

- Field Operations
- Human Resources
- National 800 Number
- Overpayments and Underpayments
- Disability Determinations
- Disability Hearings
- Fraud
- Notices

On an encouraging note, I have found that there is a certain muscle memory at SSA. The senior executives and frontline managers have responded very positively to this newer, faster cadence of collaboration and accountability.

On the first Monday of the SecurityStat rotation, we begin by focusing on field operations - the more than 1,200 field offices, eight processing centers, and 24 tele-service centers that make this agency go. We discuss ways to reduce the attrition rates that plague the agency, currently 10 percent in the field offices and 22 percent among the staff answering the phones on the National 800 Number. We discuss ways to improve performance and service delivery even in a reality where customers keep increasing and staffing keeps declining. Then, we focus on the flip side of service delivery - the human resources of the skilled and trained employees necessary for us to serve the American people even as we labor under a total hiring freeze.

On Tuesday mornings in the first weekly rotation, we turn first to Social Security's National 800 Number. Average wait times for customers trying to reach us by phone have skyrocketed to 38 minutes today, nearly double the FY 2019 wait time of 20 minutes. Five to seven million people call our 800 Number every month, and about four million of them hang up in disgust after waiting far too long. This year was the 35th anniversary of our 800 Number, and it was a challenging one thanks to a woefully underperforming phone system that has fallen far short of our expectations. Under the current technology, our managers have no visibility into the work being done, and call-takers have no view into the customers who pop up onto their screen. In addition to the technology short-comings, we are struggling now with a 22 percent attrition rate in our teleservice centers and among other staff answering the phones. All options are on the table as we do everything in our power to reduce unacceptably long wait times being endured by our customers.

Overpayments and Underpayments

In the second topic of our first Tuesday rotation, we turn to overpayments and underpayments. For 88 years, the hard-working employees of the Social Security Administration have strived to pay the right amount, to the right person, at the right time, and the agency has done this with a high degree of accuracy over a massive scale of beneficiaries; our overall accuracy rates are 99.34 percent for Social Security and 90.80 percent for SSI based on our stewardship reviews.² In fact, one of the unsung stories of heroism in our nation's battle against the COVID-19 pandemic was SSA's Herculean accomplishment of cranking out those checks to protect beneficiaries' income and healthcare during a critical time in the pandemic.

Despite our best efforts, we sometimes get it wrong and pay beneficiaries more than they are due, creating an overpayment.

When that happens, Congress requires that we make every effort to recover those overpaid benefits, but doing so without regard to the larger purpose of the program can result in grave injustices to individuals, as we see from the stories of people losing their homes or being put in dire financial straits when they suddenly see their benefits cut off to recover a decades-old overpayment, or disability beneficiaries attempting to work and finding their efforts rewarded with large overpayments. Innocent people can be badly hurt, and these injustices shock our shared sense of equity and good conscience as Americans.

We are continually improving how we serve the millions of people who depend on our programs, although we have room for improvement, as media reports last fall revealed. We have also embarked upon a deep dive into the extent of the overpayment problem at Social Security, the root causes of these administrative errors, and the steps we can take as an agency to address these individual injustices.

Our deeper understanding of the complexities of this problem has set us on the following course of action:

1. Starting next Monday, March 25, we will be ceasing the heavy-handed practice of intercepting 100 percent of an overpaid beneficiary's monthly Social Security benefit by default if they fail to respond to our demand for repayment. Moving forward, we will now use a much more reasonable default withholding rate of 10 percent of monthly benefits - similar to the current rate in the SSI program.

2. We will be reframing our guidance and procedures so that the burden of proof shifts away from the claimant in determining whether there is any evidence that the claimant was at fault in causing the overpayment.

3. For the vast majority of beneficiaries who request to work out a repayment plan, we recently changed our policy so that we will approve repayment plans of up to 60 months. To qualify, Social Security beneficiaries would only need to provide a verbal summary of their income, resources, and expenses, and recipients of the means-tested SSI program would not need to provide even this summary. This change extended this easier repayment option by an additional two years (from 36 to 60 months).

4. Finally, we will be making it much easier for overpaid beneficiaries to request a waiver of repayment, in the event they believe themselves to have been without any fault and/or without the ability to repay.

Implementing these policy changes - with proper education and training across the people, policies, and systems of the agency - is an important but complex shift. We are undertaking that shift with urgency, diligence, and speed.

There are some changes that can only be effectuated by the will and good judgment of Congress. I look forward to working with Members to discuss ideas that could address the root causes of overpayments.

In addition to our focus on overpayments, we are also working to increase our processing of SSI underpayments, particularly for the oldest and highest-priority cases. As of March 11, we have processed 46,319 underpayments and released approximately \$120 million this fiscal year to our customers with these aged and priority underpayments, and we are on track to complete 98 percent of these underpayments by the end of FY 2025.

SecurityStat, Continued

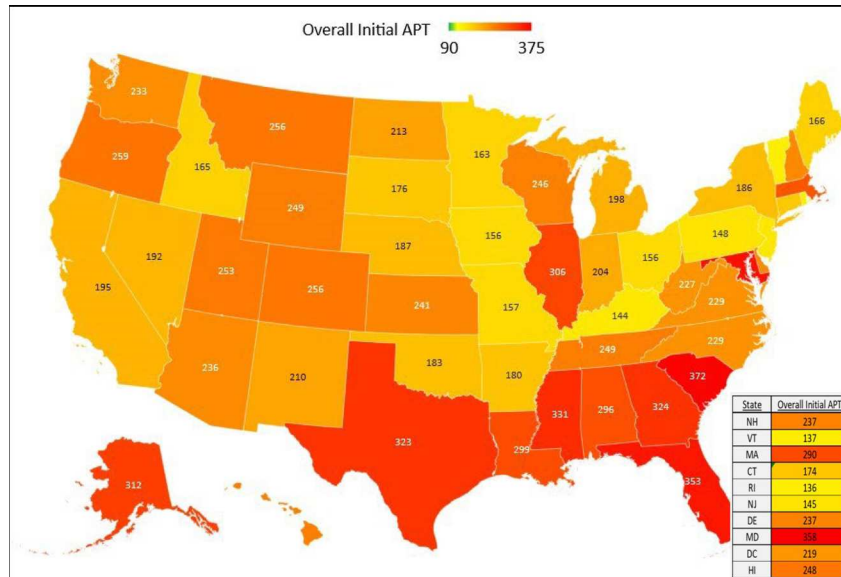
As we continue our SecurityStat rotation into the second week, on Mondays we focus first on the shamefully long time that it now takes for state DDSs to make an average initial disability determination. Ten years ago, when our appropriations represented a larger share of our annual outlays, we were able to make these needed determinations in 110 days, but today, operating on less than one percent of an-

² See [PaymentAccuracy.gov](https://www.ssa.gov/policy/docs/overpayments/overpayments.html). These overall accuracy figures consider both overpayments and underpayments for FY 2022, the most recent data available.

nual outlays, it takes our DDSs an average of 228 days to make the same initial determinations (Figure 3). We have the longest average processing time and the highest number of pending cases ever in the history of our disability program for initial claims.

In other words, disability applicants are waiting on average nearly eight months (228 days) for an initial decision and an additional seven months (223 days) for those who request a reconsideration. We must do better, and our long-term goal is to reduce those waits to four months (120 days) each.

Figure 3. Initial Disability Average Processing Times, by State (FY 2024 to date through 3/9/24)



At the next level of appeal, disability applicants who have requested a hearing with an administrative law judge (ALJ) currently face an average wait time of 365 days - a whole year - to get a decision. We continue to work toward our goal of issuing hearings decisions within nine months (270 days) on average.

On Tuesdays of the second week of the SecurityStat rotation, we focus with the Office of Inspector General at the table on fraud and the tactics and strategies we can take, together, to get inside the turning radius of the bad actors. Following the fraud stat, we focus for one hour, as a group, on what we can do to reduce the number, expense, and confusion we inflict upon our customers through long and impossible-to-understand notices.

That is how we spend our weeks fighting to serve an all-time high number of customers with a 27-year low in staffing. Our duty is to serve the people who depend on the benefits they have earned through Social Security.

I remain encouraged that the overwhelmed, hardworking, exhausted men and women on the frontlines of this agency - those who haven't quit to find less stressful or higher paying jobs elsewhere in the federal government or beyond - still wake up every day to serve their country by serving their neighbors.

Our FY 2025 Budget

I am confident that with the rapid cadence of accountability and collaboration that SecurityStat provides, and continuous solicitation of areas for improvement from employees and customers, we will begin to make forward progress, but we cannot do it alone; we need your help to ensure we have the necessary funding and staffing.

As the mayor of a cash-strapped city and then a recession-era governor, I'm quite familiar with operating on tight budgets. I also spent nearly a year intensely studying SSA materials from the outside before my confirmation. Even with all of that, SSA's budget is far more dire than I thought. Years of underfunding have decimated our staffing levels and therefore also our ability to serve the public.

Coming off a challenging budget year in FY 2024, it is critical that we receive adequate funding in FY 2025. Approval of the FY 2025 President's Budget request of \$15.4 billion for SSA would allow us to begin making progress toward improving customer service.

We know that additional funding makes a difference. The U.S. Department of Veterans Affairs (VA) received an infusion of funding and increased its satisfaction and trust among veterans from 50 percent to nearly 80 percent. The Internal Revenue Service (IRS) used additional funding to reduce its call wait times from thirty minutes to four minutes. SSA was able to dig out of the initial disability claims backlog during the Great Recession with significant funding provided through the American Recovery and Reinvestment Act of 2009. I am confident we can do it again, but it will take sufficient funding, just as it did for IRS and VA.

Under the FY 2025 President's Budget, we would be able to restore staffing to FY 2023 levels and begin to improve our service delivery. The Budget supports an infusion of staff in our teleservice centers to significantly reduce 800 Number wait times, to 12 minutes in FY 2025. The Budget will also expand staffing and overtime in the DDSs, yielding an expected 185,000 more initial disability claims processed and over 100,000 more reconsiderations than we estimate processing in FY 2024. We will focus on those customers waiting the longest for a decision, which will pave the way for dramatic improvements in average processing time. The Budget also includes the resources needed to reduce the hearings backlog and prevent its recurrence as we work down the initial claims backlog.

IN CONCLUSION

The American people worked their whole lives to earn the benefits of Social Security - and those benefits include the right to an appropriate level of customer service. I have every confidence that a restoration of service levels at Social Security - here and now - will produce a dividend of trust for generations to come.

Let me say, finally, on behalf of the agency, how grateful I am for the funding level proposed in the FY 2025 President's Budget. This additional funding will be a huge help in our mission to provide the American people with a level of customer service for which they've already paid, but have in recent years consistently been denied.

I look forward to answering your questions.

It is my great honor to serve the people of our republic in my capacity as their Commissioner of Social Security.

Questions for the Record

U.S. SENATE SPECIAL COMMITTEE ON AGING

"KEEPING OUR PROMISE TO OLDER ADULTS AND PEOPLE WITH DISABILITIES: THE STATUS OF SOCIAL SECURITY TODAY"

MARCH 20, 2024

QUESTIONS FOR THE RECORD

Commissioner Martin O'Malley**Chairman Robert P. Casey, Jr.****Question:**

Federal law requires that Supplemental Security Income (SSI) beneficiaries be provided the opportunity to apply for the Supplemental Nutrition Assistance Program (SNAP) when they are applying for SSI. SSI benefits are modest, at only about \$940 a month, which means that SSI beneficiaries are forced to seek assistance through other Federal programs to try to make ends meet. Through the combined application demonstration project (CAP), the Social Security Administration works in partnership with the U.S. Department of Agriculture to allow states to implement a streamlined and simplified SNAP application process for applicants for or recipients of SSI. Pennsylvania is one of a number of states that has implemented CAP. Despite these efforts, I've heard from Pennsylvanians that SNAP uptake among SSI applicants and beneficiaries remains a concern. What additional measures is SSA considering to improve SNAP access for SSI beneficiaries?

Response:

Our policy requires employees to inform all applicants and beneficiaries about the availability of SNAP benefits and to assist SSI applicants and beneficiaries who live in SSI only households with filing SNAP applications. We are working with the Food and Nutrition Service (FNS) at the U.S. Department of Agriculture to provide our employees serving CAP states, including Pennsylvania, refresher training and up-to-date processing instructions. Additionally, we support FNS in their efforts to expand the use of electronic SNAP applications in additional states, as well as the use of verbal attestation for paper SNAP applications over the phone. Relatedly, as of September 30, 2024, our definition of public assistance households includes households receiving SNAP, which will allow more people to qualify for SSI and increase some recipients' SSI payment amounts.

Senator Elizabeth Warren**Social Security Offsets**

The student debt crisis is increasingly a crisis for older Americans. In 2023, more than 3.5 million Americans aged 60 and older held a total of over \$125 billion in student loan debt.¹ This represents a six-fold increase in the number of older borrowers and a nineteen-fold increase in the amount owed by older Americans compared to 2004.² Unfortunately, older borrowers often face the greatest repayment struggles, with nearly 40 percent of Federal borrowers over the age of 65 in default on their student loans.³

The Treasury Offset Program (TOP), established under the Debt Collection Improvement Act of 1996, authorizes the Treasury Department to withhold up to 15 percent of Social Security benefits to collect on defaulted Federal student loan debt.⁴ As a growing number of older Americans have Federal student loan debt when they near or enter retirement age, I am concerned that these older borrowers are disproportionately subject to TOP collection. Under Federal law, the head of a benefit-paying agency may request the Treasury Secretary exempt certain Federal payments from administrative offset when such offset wouldn't end to interfere substan-

¹ New America, "Why Do So Many Older Americans Owe Student Loans?," Tia Caldwell and Sarah Sattelmeyer, May 31, 2023, <https://www.newamerica.org/education-policy/edcentral/why-do-so-many-older-americans-owestudent-loans/>.

² Id.

³ Consumer Reports, "Student Loan Servicing Issues Contribute to Older Borrowers' Default," January 5, 2017, <https://www.consumerreports.org/consumerist/student-loan-servicing-issues-contribute-to-older-borrowers-defaults/>.

⁴ The Debt Collection Improvement Act of 1996, Public Law 104-134.

tially with or defeat the purposes of the payment certifying agency's program.⁵ Social Security offsets can push beneficiaries closer to or even into poverty, undermining the Social Security Act's mission of providing for the general welfare, basic economic security, and the well-being of vulnerable Americans.⁶ Accordingly, I led a letter with more than 30 lawmakers urging you, Secretary Yellen, and Secretary Cardona to consider seeking an end to administrative offset of student loan debts for all Social Security benefits.

Question:

Are you concerned about Social Security benefit offsets for defaulted student loan debt pushing seniors closer to or below the poverty line?

Response:

We acknowledge your letter and are discussing this issue with the Department of the Treasury and the Department of Education.

Question:

What steps does SSA plan on taking to address the impact of Social Security offsets for defaulted student loan debt on vulnerable seniors?

Response:

Please see our response to the previous question.

Cuts to SSA administrative funding

Republicans know that their proposals to cut Social Security benefits or raise the retirement age are hugely unpopular. Years ago, they decided to take another route—cutting the Social Security Administration's (SSA) operating budget. From 2011 to 2023, the SSA's customer service budget fell 17 percent (adjusted for inflation), with staffing consequently falling by 16 percent to a 25-year low.⁷ These cuts occurred as the number of Social Security beneficiaries grew by almost 22 percent.⁸

Administrative cuts have placed significant strain on the agency, and both staff and beneficiaries have been forced to bear the consequences. Wait times on the agency's phone lines and for disability determinations saw record highs in 2023, meaning beneficiaries cannot resolve problems with their benefits in a timely fashion.⁹ And rising costs and a growing caseload may force the agency to freeze hiring, furlough staff, close offices, cut overtime, and pause IT modernization.¹⁰

Question:

How can SSA use existing funding and authorities to mitigate the problems that cuts to administrative funding have caused for beneficiaries and agency staff?

Response:

The \$100 million increase in funding for Fiscal Year (FY) 2024 was not nearly enough to cover the over \$600 million in mandatory fixed cost increases that must be absorbed across the agency, including Federal pay raises, health benefits, security/guard services, postage, rent, lease renewals, and other costs required to provide service to customers in our more than 1,500 field and hearings offices across the country, as well as the State Disability Determination Services (DDSs).

With the funding we received, we are making some improvements in our technology and providing for some targeted hiring to our frontline operations. The existing funding also allows us to provide overtime to our frontline operations to address some of our backlogs. In addition to improvements in technology, we continue to

⁵ The Secretary's exemption authority appears at 31 U.S.C. § 3716(c)(3)(B), which reads: "The Secretary of the Treasury shall exempt from administrative offset under this subsection payments under means-tested programs when requested by the head of the respective agency. The Secretary may exempt other payments from administrative offset under this subsection upon the written request of the head of a payment certifying agency. A written request for exemption of other payments must provide justification for the exemption under standards prescribed by the Secretary. Such standards shall give due consideration to whether administrative offset would tend to interfere substantially with or defeat the purposes of the payment certifying agency's program. The Secretary shall report to the Congress annually on exemptions granted under this section."

⁶ The Social Security Act, Public Law 74-271.

⁷ Center on Budget and Policy Priorities, "Social Security Administration Needs Additional Funding to Avoid Exacerbating Customer Service Crisis," Kathleen Romig, September 22, 2023, <https://www.cbpp.org/blog/social-security-administration-needs-additional-funding-to-avoid-exacerbating-customer-service>.

⁸ Id.

⁹ Id.

¹⁰ Id.; Based on conversations between SSA staff and the office of U.S. Senator Elizabeth Warren.

seek other ways, such as policy simplification and training, to conduct business more efficiently.

Through the SecurityStat process, we are using data-driven biweekly leadership meetings to track and align on key performance measures as we tackle some of the agency's top priorities. These meetings focus on identifying and defining leading actions and implementing change. The agency also recently published our 2024 Action Plan—the product of over 5,000 recommendations from our employees as well as external stakeholders—which lays out 27 Strategic Initiatives. Although action on each of the initiatives has already begun, many will take more than just the year to fully accomplish and will require continued investments. Some examples of our Quick Wins include:

- Launched eSignature and Documents Upload to local offices and Workload Support Units nationwide (about 28,000 employees). Fifty (50) agency forms and seventy-nine (79) evidence types are now available for customer electronic signature (when a signature is required) and upload.

- Increased use of Intelligent Medical Language Analysis Generation (IMAGEN) by 109 percent from October 2023 through July 2024, and introduced the use of IMAGEN at the appeals levels. IMAGEN is a disability decision support tool that facilitates quicker disability determinations.

- Restored a pre-2018 policy, known as collateral estoppel, to allow technicians to apply a prior determination of disability, reducing duplication and processing times.

- Updated our policies so that technicians can use a simplified administrative waiver process for waiver requests on overpayments of up to \$2,000 (an increase from \$1,000).

FY 2025 is a critical year for recovery after years of chronic underfunding, and at the same time beneficiaries continue to grow. We cannot prevent further service degradation and commit to face-to-face public service without an increase to our funding. The Fiscal Year 2025 President's Budget request of \$15.402 billion for SSA would provide an increase of nearly \$1.2 billion over Fiscal Year 2024. This level of funding is critical to recovering from the setbacks we experienced in Fiscal Year 2024 due to the limited funding increase and resulting extended hiring freeze. The Fiscal Year 2025 President's Budget would allow us to:

- Restore our staffing levels to Fiscal Year 2020/2023 levels;
- Reduce wait times on our 800 Number by over 20 minutes to 12 minutes;
- Reduce initial disability claims wait times to an average of 215 days;
- Reduce the claims backlog by 15 percent;
- Continue to address overpayment and underpayment injustices;
- Increase our information technology (IT) budget to help us modernize and provide more efficient and customer-focused service; and
- Cover an annual increase of over \$600 million in our fixed costs.

Question:

How can SSA better work with Federal employee unions to address staff concerns and improve hiring and retention?

Response:

What I've learned is that you have to meet people where they are, and you have to listen to employees for the best ideas to improve our service. Our labor partners represent our employees. If we're going to serve the American people better, we have to recognize our employees' concerns.

SSA's monthly labor roundtables and new Union Management Cooperation Council meetings provide regular opportunities to maintain an open dialog between Labor and management at all levels of SSA, which improves employee morale and efficiency. For example, we:

- Worked with the American Federation of Government Employees (AFGE) to rollout timely improvements like our Automated Medicare process, which reduces back-end employee processing time of online Medicare claims from seven minutes to seven seconds.

- Incorporated AFGE pre-decisional input on new-hire employee training, which has been a key area of improvement toward retention of staff.

- The unions and National Council for Social Security Management Association joined me in sending a message to encourage employees to participate in responding to the annual Federal Employee Viewpoint Survey (FEVS). This mes-

saging resulted in the highest response rate since OPM began surveying all SSA employees.

Question:

What does the SSA need from Congress to fully address the problems caused by administrative funding cuts?

Response:

Approval of the President's requested funding for Fiscal Year 202025 would allow us to hire more staff in our Field Offices (FOs), Payment Centers (PCs), and DDSs, and also make some critical improvements to our legacy technology. Increased staffing in the President's Budget is critical to getting SSA back toward our goals of 120 days for disability determinations and five-minute average speed of answer rates for phone service. Specifically, the Fiscal Year 2025 budget would make the following investments:

- \$269 million to restore staffing in our FOs to our Fiscal Year 202023 levels. This would allow the FOs to deliver quicker decisions on disability and retirement claims, shorten wait times for appointments, and improve FO telephone service.
- \$1.7 billion for IT services to maintain and continue to modernize our large IT infrastructure and increase our suite of digital and automated services.
- \$85 million for our PCs to handle more complex transactions and address the PC backlogs.
- \$2.8 billion for payroll, hiring, workload processing costs, and other expenses in the State DDSs to support reducing the initial disability claims backlog (e.g., by allowing us to hire about 2,900 people to expand processing capacity).

President Biden's plan to extend Social Security's solvency

Social Security has a solvency problem, which threatens the retirement security of 70 million seniors who spent their entire lives paying into this program. That leaves us with two options: One, we can shore-up the program's finances by making the wealthy pay their fair share. Or two, we can cut benefits for millions of hard-working Americans who rely on Social Security to make ends meet.

The answer is clear to Democrats and President Biden. Today, because payroll taxes for Social Security are capped at \$160,600, billionaires like Jeff Bezos and Elon Musk pay into the Social Security Trust fund just as much as your neighborhood dentist. That is flat out wrong.

Question:

How does President Biden's plan—which does not raise taxes on anyone making less than \$400,000—extend Social Security's solvency?

Response:

As you saw in the Budget, the President is committed to protecting and strengthening Social Security, including supporting efforts to improve Social Security benefits, as well as Supplemental Security Income benefits for seniors and people with disabilities, especially for those who face the greatest challenges making ends meet. The Budget makes clear that the President will reject proposals to cut benefits or go back on our commitments to America's seniors, and that extending solvency should start with asking the highest income Americans to pay their fair share.

The President is focused on making sure that seniors and people with disabilities can access the benefits they have earned, which is why his Budget will invest in Social Security services.

Question:

Congressional Republicans have floated raising the retirement age to extend Social Security's solvency. If successful, what would a higher retirement age mean for the lifelong benefits of Social Security recipients? How would it affect individuals with physically taxing jobs, who often have to retire early?

Response:

We cannot speak to a proposal's effects on the Trust Funds, the agency, and beneficiaries without reviewing the legislative language or specific provisions, but we are happy to provide technical assistance to Congress and the Administration. As noted above, the Biden Administration has made clear that it opposes any proposal that would cut Social Security benefits, including raising the retirement age.

Senator Raphael Warnock

Overpayment Policy

The Social Security Administration announced that starting March 25, 2024, overpaid beneficiaries would no longer have 100 percent of their monthly benefits intercepted by default, in addition to several other changes.¹¹

Question:

How can overpaid beneficiaries who received notices prior to March 25 receive relief?

Response:

In late June, we began notifying individuals who are currently repaying an overpayment created prior to April 15 and at a rate greater than 10 percent. This notice provides them the option to request a lower rate of recovery. We released these notices in weekly batches, prioritizing individuals with the highest withholding. We released the last batch of notices the week of September 9. Generally, we will change the benefit withholding to 10 percent (or \$10, whichever is greater) for those who contact us, unless an exception (which is uncommon) applies, such as if the overpayment was due to fraud. Beneficiaries can also request that we withhold less than 10 percent.

Anyone who has not yet contacted us is encouraged to do so by calling Social Security at 1-800-772-1213 or through their local Social Security office.

For new overpayments created on or after April 15, 2024, we have updated our systems to automatically apply the new, default 10 percent benefit withholding rate without the beneficiary needing to request it. These updates took effect with new benefit withholdings that began in August 2024.

Question:

If previously overpaid beneficiaries are required to proactively ask the agency for their monthly benefits to be restored, how many eligible beneficiaries does the agency expect will reach out?

Response:

Under our prior 100 percent withholding posture, most beneficiaries did not have full withholding. Based on information from January 2024, of the beneficiaries who have some level of withholding to recover an overpayment, only about 23 percent (around 136,700) beneficiaries had a withholding rate greater than 10 percent.

In line with our new default rate, we released outreach notices to beneficiaries who have more than 10 percent of their benefit withheld to collect an overpayment. Although we do not have a formal estimate on how many beneficiaries may reach out, the response to these notices has been significant and we have seen a spike in call volumes.

We recently finished our outreach efforts and have sent out almost 170,000 notices to the affected beneficiaries. As of the end of September, over 34,000 people have contacted us and gotten a lower rate. In the short term, we expect to see this number continue to rise; however, over the long-term, with the lowering of the default withholding rate, we expect to see a decrease in the number of individuals who contact the agency to establish a different rate or repayment.

Question:

What plans, if any, does the agency have in place to ensure previously overpaid beneficiaries know their options for relief?

Response:

In addition to press releases, a blog, and a Dear Colleague Letter (shared with the advocate community and other third-party groups and organizations), in late June 2024, we began sending notices to individuals whose benefit withholding is currently greater than 10 percent of their total monthly benefit, encouraging them to contact us to request a lower withholding rate.

Question:

How will the agency evaluate these new policies in real time to ensure their effectiveness?

¹¹Social Security Announces Four Key Updates to Address Improper Payments, (Mar. 20, 2024), <https://www.ssa.gov/news/press/releases/2024/#3-2024-3>.

Response:

We expect to monitor the outcomes of waiver requests and perform quality reviews. We will finalize our evaluation plan when we have a complete list of the changes we will be making to our overpayment policies and procedures.

Question:

Will the agency provide updates to Congress on the rollout of the new overpayment policies and how they are received by beneficiaries?

Response:

Yes, I am committed to an open dialog with Congress. When I launched SecurityStat-standing biweekly leadership meetings to track and align on key performance measures-I directed that overpayments would be one of our primary topics in these meetings. Through these data-driven meetings, we have established a rigorous course of action for addressing the problem, and our discussions and hard work continue. Many Hill staff have already participated to experience the SecurityStat process. If you or your staff have not already done so, I would like to invite you to join us any Monday or Tuesday morning so you can observe a SecurityStat meeting and the ways that we are actively improving our overpayment processes.

Question:

Generally how many overpaid claims are made due to errors on behalf of the agency versus the beneficiary?

Response:

We take seriously our responsibility to ensure eligible individuals receive the benefits to which they are entitled, and to safeguard the integrity of the benefits programs to better serve our customers. This includes paying the right person the right amount at the right time.

In the Old-Age Disability and Survivors Insurance (OASDI) program, we estimate that we paid approximately \$1.3 trillion to beneficiaries in Fiscal Year 202022. Of that total, we estimate that \$6.5 billion were overpayments, representing approximately 0.51 percent of outlays. Of those overpayments, we estimate that approximately \$1.6 billion (around 25 percent) were within the agency's control and approximately \$4.9 billion (75 percent) were overpayments outside of the agency's control.

Based on our Fiscal Year 202022 stewardship reviews, we estimate that we paid approximately \$57.6 billion to SSI recipients. Of that total, we estimate about \$4.6 billion were overpayments, representing approximately 8.02 percent of outlays. Of those overpayments, we estimate that approximately \$287 million (around six percent) were within the agency's control (i.e., errors attributable to SSA)¹². The remaining \$4.3 billion were due to factors outside of our control.

For more information, please see SSA's Fiscal Year 202023 Agency Financial Report or [paymentaccuracy.gov](https://www.ssa.gov/policy/docs/chartbooks/fast-facts/2023/fast-facts23.html).

Funding for the Social Security Administration

According to the Social Security Administration, nearly 71 million people receive Social Security benefits.¹³ While Congress must do everything in its power to protect and strengthen these benefits, it is also important to acknowledge the administrative role of the Social Security Administration and what seniors expect in terms of customer service.

Question:

If Congress continues to underfund the Social Security Administration, what happens to your staff's ability to provide customer service to beneficiaries?

Response:

We have experienced years of chronic underfunding while at the same time the number of beneficiaries continues to grow. Underfunding impacts our ability to hire

¹² We use the term "error dollars" to reference an incorrect payment made to a case as a whole. We further define to errors attributable to the agency as those that are "within the agency's control." These are errors which are due to our failure to access data or information needed, or when the beneficiary or third-party provided data or information necessary to accurately compute the benefit amount, but we failed to use it to validate the payment accuracy prior to making a payment. Overpayments outside of the agency's control occur when we are unable to access data needed to validate payment accuracy because the beneficiary or a third-party either did not provide or provided inaccurate information necessary to compute the accurate benefit amount.

¹³ Fast Facts & Figures About Social Security, Social Security Office of Retirement and Disability Policy, <https://www.ssa.gov/policy/docs/chartbooks/fast-facts/2023/fast-facts23.html>.

and degrades customer service in key areas such as claims processing times, scheduling appointments, and telephone service. For example, from Fiscal Year 2017 to Fiscal Year 2023, wait times on our National 800 Number tripled and disability decision wait times doubled.

SSA's budget was essentially level from Fiscal Year 2018 through Fiscal Year 2021 while costs continued to increase, leading to difficult decisions to cut funding in certain areas, such as overtime and staffing. As a result, we ended Fiscal Year 2022 with our lowest staffing level in over 50 years.

While we made some progress with the funding we received in Fiscal Year 2023, our Fiscal Year 2024 enacted appropriation of \$14.227 billion provided an increase of only \$100 million. This increase is not nearly enough to cover the over \$600 million in mandatory fixed cost increases that we must absorb across the agency each year, including Federal pay raises, health benefits, security/guard services, postage, rent, lease renewals, and other costs required to provide service to customers in our more than 1,500 field and hearings offices across the country, as well as the State DDS.

The Fiscal Year 2025 President's Budget request of \$15.402 billion for SSA would provide an increase of nearly \$1.2 billion over Fiscal Year 2024 and is critical to recovery from setbacks we experienced in Fiscal Year 2024 due to the extended hiring freeze and limited funding increase. This budget would allow us to:

- Restore staffing to Fiscal Year 2023 levels after dropping to one of the lowest levels in over 50 years;
- Reduce wait times on our 800 Number by over 20 minutes to 12 minutes;
- Reduce initial disability claims wait times to an average of 215 days;
- Reduce the claims backlog by 15 percent;
- Continue to address overpayment and underpayment injustices;
- Increase our information technology (IT) budget to help us modernize and provide more efficient and customer-focused service; and
- Cover an annual increase of over \$600 million in our fixed costs.

In contrast, the House is proposing a total of \$13.826 billion for SSA's Fiscal Year 2025 operating budget, which is almost a \$1.6 billion reduction from the Fiscal Year 2025 President's Budget request, and \$401 million below Fiscal Year 2024 enacted levels. This level of reduction, combined with the fixed cost increases mean we would need to absorb over \$1 billion in Fiscal Year 2025—the equivalent to about 10,000 workyears (WY). Thousands of these WYs would need to come from our frontline operations resulting in a direct, negative impact on our ability to deliver services to the American public.

The Senate is proposing a total budget of \$14.736 billion for SSA, which is over \$910 million more than the proposed House level and \$509 million more than our Fiscal Year 2024 current operating level. While we appreciate the increase, this level of funding is still \$666 million below the President's Budget request and would not fully cover our mandatory fixed cost increases of over \$600 million in Fiscal Year 2025.

We are currently operating under a continuing resolution through December. Should the challenges of level funding continue for all of Fiscal Year 2025, there would be severely, detrimental effects on services. We would be forced to freeze all staffing for SSA and in our State DDSs. Without sufficient staff, we would need to close offices and reduce the hours we are open to the public, cutting off vital access to face-to-face service delivery and extending wait times for those waiting for a decision on an initial disability claim.

FY 2025 is a critical year for recovery after years of chronic underfunding at the same time beneficiaries continue to grow. We cannot prevent further service degradation and commit to face-to-face public service without an increase to our funding. While it will take a multi-year effort and continuous, sufficient funding to significantly reduce wait times and backlogs, the President's Budget request for \$15.402 billion for SSA puts us on the right path by helping us restore staffing losses, process significantly more work, and serve more people.

Social Security Disability Insurance Backlogs

Across the country, people wait for an average of 220 days-over seven months-to get their disability benefits initially processed.¹⁴ This is a nationwide crisis, with av-

¹⁴Lorie Konish, More than 1 million are waiting for Social Security to process initial disability claims, CNBC (Nov. 1, 2023), <https://www.cnbc.com/2023/11/01/over-1-million-people-are-waiting-on-social-security-disability-claims.html>.

erage processing times higher in November 2023 than at any point in the last 14 years.¹⁵

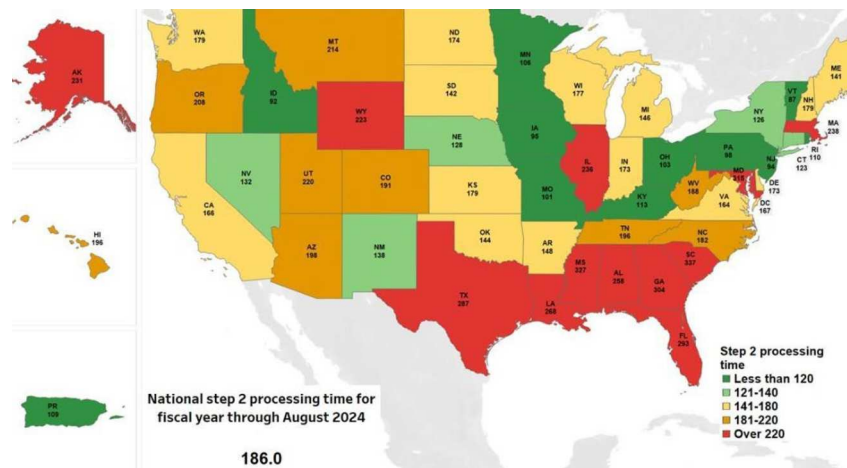
Question:

While part of the burden to address backlogs falls on State agencies, how is the extremely low operating budget at your agency contributing to these challenges?

Response:

As a result of historic underfunding and increased costs, we had to make difficult decisions to cut funding in certain areas, such as staffing and overtime, which means we now have fewer people available to work on the disability claims backlog. We serve about 14 million more beneficiaries now than we did in 2010, with about 12,000 fewer staff.

Despite these challenges, we continue to tackle long wait times for disability determinations. As seen in the chart below, as of August 2024, our current average processing time for disability claims was around 189 days (for more detailed information related to the disability program, we invite you to visit our SecurityStat website).



With the President's Fiscal Year 2025 Budget request, we expect to complete 185,000 more initial disability claims than in Fiscal Year 2024. With increased funding, we would be able to provide additional hiring and overtime for our frontline operations which would greatly assist in providing timely service and addressing backlogs.¹⁶ However, as described in Actuarial Note 163, applications for benefits are expected to continue increasing, making these investments even more critical.

Question:

With significant backlogs in disability claims processing, certain hospitals in Georgia are at risk of losing access to critical programs that allow them to provide care to underserved communities. These Federal programs require hospitals to meet a formula set in statute that considers how many of the hospitals' patients are on Social Security Disability Insurance.¹⁷ Is your agency aware that these backlogs have ripple effects that could devaState hospitals? Within the scope of your agency's authority, will you commit to doing everything you can to address this crisis?

¹⁵ SSA State Agency Monthly Workload Data, Social Security Administration, <https://www.ssa.gov/disability/data/ssa-sa-mowl.htm>.

¹⁶ Although the States make determinations at the initial and reconsideration levels of the disability process, individuals interact with federal employees throughout all stages of the initial claims and review process as well as after they become entitled to or eligible for benefits. For example, if an applicant requests further review, they move into our appeals process which is administered at the federal level.

¹⁷ Senators Reverend Warnock, Ossoff Push Senate Leadership to Prevent Potential Closures of Hospitals Serving Low-Income Georgians, (Dec. 19, 2023), <https://www.warnock.senate.gov/newsroom/press-releases/senators-reverend-warnock-ossoff-push-senate-leadership-to-prevent-potential-closures-of-hospitals-serving-low-income-georgians/>

Response:

We are working within our current funding to adjust our processes to address the backlog. However, significant improvements in disability processing times will require sufficient funding and staffing.

We know that additional funding makes a difference. With the President's FY 2025 Budget request, we would direct \$2.8 billion of the proposed funding to payroll, hiring, workload processing costs, and other expenses in the State DDSs to support reducing the large backlog of initial disability claims. We would expand processing capacity at the DDS offices by hiring about 2,900 people. This hiring would return total DDS staff to Fiscal Year 2023 levels. As of August 2024, the total DDS staff is 14,400.

I have committed to making customer service improvements my top priority, starting with reducing disability decision wait times.

Student Loan Debt for Social Security Beneficiaries

Several of my colleagues recently sent you a letter, urging SSA, the U.S. Department of the Treasury (Treasury), and the U.S. Department of Education (ED) and 'to consider seeking an end to the practice of offsetting Social Security benefits to pay off defaulted student loans.'¹⁸

The letter noted:

[T]he number of older Americans with student loan debt has been rising steadily. In 2023, over 3.5 million Americans aged 60 and older had outstanding student loan debt, worth a total of over \$125 billion. This represents a sixfold increase in the number of older borrowers and a nineteenfold increase in the amount owed by older Americans compared to 2004.

Unfortunately, older borrowers often face the greatest repayment struggles, with nearly 40 percent of Federal borrowers over the age of 65 in default on their student loans. These borrowers who have struggled with their student loan repayment progress could see their wages, tax refunds, and Social Security checks garnished or offset. Under TOP, the Federal Government can withhold up to 15 percent of monthly Social Security or disability benefits for defaulted student loans. Roughly 44 percent of borrowers who were 50 years and older at the time of their initial offset were subject to this maximum Social Security benefit withholding. When borrowers are in collections, on average their Social Security benefits are estimated to be reduced by \$2,500 annually. This can be a devastating blow to those who rely on Social Security as their primary source of income. According to SSA, Social Security benefits represented 90 percent or more of total income for about one-third of beneficiaries aged 65 and older in 2014, the last year of available data.

*There is little evidence that these offsets are a meaningful solution to collecting outstanding debt. Almost a third of borrowers 50 and older who had offsets lasting five years or longer had their loan balances increase during this time period, and more than 70 percent of the loan repayments collected through Social Security offsets were applied to fees and interest. Nonetheless, in the years prior to the March 2020 COVID-19 student loan payment pause, the number of Social Security beneficiaries subjected to offsets due to defaults surged dramatically. From Fiscal Year 2002 to 2015, the number of defaulted Federal student loan borrowers of any age with Social Security offsets more than quadrupled, jumping from around 36,000 to 173,000 borrowers. This trend was particularly pronounced for borrowers aged 65 and older; the number of borrowers in [of] that age range with offsets increased by a staggering 540 percent. By Fiscal Year 2020, Social Security checks of approximately 114,000 borrowers aged 50 and older were being offset to repay defaulted Federal student loans.'*¹⁹

Question:

Will you explore every legal avenue within your authority to end administrative offset of student loan debts for all Social Security benefits?

Under the Debt Collection Improvement Act, the head of SSA may request the Treasury Secretary exempt certain Federal payments from administrative offset

¹⁸ Warren, Wyden, Pressley, Jayapal, Grijalva, Larson, Lawmakers Call on Biden Administration to Stop Withholding Social Security Payments to Pay Defaulted Student Loans, (Mar. 20, 2024), <https://www.warren.senate.gov/newsroom/press-releases/warren-wyden-pressley-jayapal-grijalva-larson-lawmakers-call-on-biden-administration-to-stop-withholding-social-security-payments-to-pay-defaulted-student-loans>

¹⁹ Id.

when such offset wouldn't end to interfere substantially with or defeat the purposes of the payment certifying agency's program.²⁰

Response:

Thank you for your question. We are discussing this issue with the Department of the Treasury and the Department of Education.

Question:

Have you considered exploring this request authority? If not, will you commit to exploring this request authority? Under what circumstances would you request such exemptions?

Response:

Please see our immediately preceding answer.

Question:

Do you believe offsetting Social Security benefits, which can push beneficiaries into poverty, undermines the Social Security Act's mission of providing for "the general welfare," basic economic security, and the well-being of vulnerable Americans?

Response:

Thank you for your question, and I take seriously the responsibility for the millions of Americans who depend on Social Security, including the many seniors who live in poverty without these benefits.

Senator John Fetterman

Question:

My office has received two complaints about Pennsylvanians getting denied access to interpreter services. The first complaint states that a Spanish-speaking Pennsylvanian contacted the Lewiston Field Office of the SSA by phone and requested an interpreter on February 10, 2022, but she was not provided one until the SSA Regional Director's office was contacted. The second complaint stated that a Pennsylvanian visited the Scranton Field Office in person and requested an interpreter but was not provided one on April 22, 2022. According to the field office agent, the individual was sufficiently fluent in English and did not need one, even though the individual did not feel comfortable conducting her interview in English and specifically requested one. Do you agree that anyone at Social Security field offices who asks for an interpreter should get interpreter services regardless of whether an SSA employee believes they are proficient in English?

Response:

As required under Executive Order 13166, SSA's Language Access Plan reflects our commitment to provide substantially equal and meaningful access to Social Security benefits and services to all people, regardless of their English proficiency. On April 11, 2024, we facilitated a Language Access Update for various external stakeholders to highlight our Plan and learn more about how we can improve service to individuals with Limited English Proficiency (LEP).

Question:

It is my understanding that the SSA's General Counsel's office dismissed allegations of discrimination and did not follow through on initial offers for mediation. Do you agree that Pennsylvanians who have been denied interpreter services should get mediation and speak directly with SSA field offices to avoid this situation in the future?

Response:

We investigated these two complaints and determined there was no discrimination involved, and neither was denied an interpreter. In both instances, policy was followed for these two walk-in customers. One customer opted to proceed in English and successfully completed her business, and the other customer opted to schedule an appointment to include interpretation with a vendor at no cost to her. As part of the complaint investigation, the agency reached out to each customer directly to discuss their experiences, in alignment with agency policy and procedure, including privacy safeguards.

We regret any inconvenience to your constituents and appreciate you raising your concerns. Our employees receive training on language assistance services, and we issue nation-wide guidance on available resources when assisting customers with

²⁰ 31 U.S.C. § 3716(c)(3)(B)

LEP. Additionally, our Regional Communications Directors are available to help facilitate any local service needs.

Question:

I commend SSA for recently strengthening its Language Access Plan, but these policies must be communicated to SSA staff in the form of instructions and procedures to ensure that meaningful access to services for limited English proficiency customers is actually provided. It is my understanding that such instructions exist in the POMS (Section GN 00203.011 of the POMS "Special Interviewing Situations—Limited English Proficiency (LEP) or When Language Assistance Required") but this has been deemed "sensitive and not available to the public." Most of the POMS is already available online but this section is not. Why does SSA consider language access policy and procedure in its POMS something that must be concealed from the public?

Response:

SSA's POMS section concerning Limited English Proficiency is not publicly available because it contains sensitive information related to our procedures for using SSA's telephone interpreter service when interviewing the public. We recently released a public version of this POMS section (GN 00203.011) on September 18, 2024.

Question:

Will you agree to share the full text of Section GN 00203.011 of the POMS, "Special Interviewing Situations—Limited English Proficiency (LEP) or When Language Assistance Required," with my office?

Response:

Yes. We shared a full copy of this POMS section with your office on July 2, 2024.

Statements for the Record

U.S. SENATE SPECIAL COMMITTEE ON AGING

"KEEPING OUR PROMISE TO OLDER ADULTS AND PEOPLE WITH DISABILITIES: THE STATUS OF SOCIAL SECURITY TODAY"

MARCH 20, 2024

STATEMENT FOR THE RECORD

Testimony of the American Association of Retired Persons (AARP)

AARP, which advocates for the more than 100 million Americans age 50 and older, thanks you for holding today's important hearing on Keeping Our Promise to Older Adults and People with Disabilities: The Status of Social Security Today. Social Security has an unparalleled nearly 90-year track record of success, is incredibly popular with the American people, and serves as a lifeline for millions of older Americans and their families. Congress should and must do more, therefore, not only to protect Social Security, but also to improve the vital services provided by the agency.

The Importance of Social Security

According to the Social Security Administration (SSA), more than 67 million Americans are currently receiving the money they have earned from Social Security after a lifetime of hard work and contributions. Social Security is the principal source of income for over 40 percent of older American households, and roughly one in six older households depend on it for nearly all of their income. Despite its critical importance, people's average checks are modest.

Nonetheless, Social Security lifts approximately 16.5 million older Americans out of poverty and allows millions more to live their retirement years independently, without fear of outliving their income.

Increased Funding for SSA Customer Service

AARP believes that older Americans and their families have earned not only their Social Security, but the right to receive timely and accurate services from SSA. Unfortunately, service at the agency has been declining for many years, largely as the result of underfunding from Congress. This trend must end now.

SSA simply does not have the resources it requires to provide all services promptly and properly to its customers. Between 2010 and 2023, SSA's operating budget shrank by 17 percent, even as the number of beneficiaries grew by 22 percent. SSA is also currently experiencing historic lows in staffing. It is not realistic to expect SSA to provide the necessary level of service to a growing customer base with a shrinking workforce and the continued failure of Congress to approve adequate funding. These failures are having very real consequences for the American people.

AARP often hears from our members who are frustrated, or worse, when interacting with the agency. Callers to SSA's National 1-800 number wait an average of 35 minutes for their call to be answered, with many hanging up long before then. American workers filing for disability benefits are experiencing the longest wait time ever for an initial determination. For those who are originally denied and seek a decision from an Administrative Law Judge, they must wait an additional year on average. Shockingly, more than 10,000 people die every year while waiting for a final decision on their disability claims.

To help SSA make necessary improvements to its customer service, Congress must make available increased funding for the agency. As such, AARP urges Congress to approve, at a minimum, the Administration's \$15.5 billion request for SSA administrative expenses for the 2025 fiscal year. With this additional funding, which comes not from general revenue but from the Social Security Trust Funds, we expect the agency to make long-overdue improvements in service and hire top-quality staff to meet the needs of the American public.

Social Security has a responsibility and a duty to provide timely and quality service to the public, and Congress has a duty to ensure the agency has the resources necessary for SSA to fulfill its mission. We are already nearly halfway through the 2024 fiscal year, but Congress has lurched from one funding crisis to another, paralyzing agencies like SSA who need to hire staff and make long-term investments for the future. Given that this agency's dollars come mostly from the Social Security Trust Funds, not general revenue, Congress is effectively denying the American people the customer service they deserve and have already paid for via their payroll taxes.

We strongly urge Congress to reverse the trend of denying SSA the funding it needs, and to ensure those additional dollars are spent to improve customer service.

Social Security Deserves a Full and Open Debate

Congress must act to ensure Social Security remains strong for generations to come. According to the most recent Social Security Trustees' report, Social Security can continue to pay 100 percent of earned benefits until 2034. After that, and without action from Congress, Social Security can continue to pay about 80 percent of promised benefits for generations, falling to 74 percent in 2097. Social Security is not "going broke" as some have argued, but Congress does need to take action sooner rather than later to shore up the program's long-term finances and to ensure the future adequacy of Social Security.

At the same time, AARP calls on Congress to take up this important work in an open, transparent way. AARP believes the Committees of Jurisdiction, which have deep expertise over Social Security, should be the lead on such efforts, not a new commission or "super committee." We strongly object to proposals to create new commissions or committees to address Social Security. If regular order is the gold standard for routine legislative matters, it certainly should be the standard for Social Security.

Moreover, let us be clear that debt and deficits in the general budget are not the correct lens through which to view changes to Social Security. Instead, any changes should focus on the financial and retirement security of the American people. Social Security is not a driver of the annual deficits or current national debt. It is not funded by general revenue but is instead selffinanced. In fact, more than 90 percent of Social Security is financed by payroll tax contributions from American workers and employers; around four percent is from federal income taxes on some Social Security benefits; and around six percent comes from interest earned on U.S. Treasury bonds held by the Social Security Trust Funds. Any argument that claims Social Security is a driver of the national debt - simply because it receives interest from the U.S. Treasury bonds it has purchased - is disingenuous at best.

Older Americans agree that Social Security should be protected in any discussion about the debt or deficit. According to AARP research, 85 percent of older Americans oppose targeting Social Security to reduce federal budget deficits, and this is consistent across political affiliation: 88 percent of Republicans, 79 percent of Independents, and 87 percent of Democrats strongly oppose cutting Social Security to reduce the debt.

Conclusion

Once again, thank you for holding today's important hearing. We look forward to working with you to ensure millions of older Americans and their families receive the high-quality service they deserve from SSA and to protect their hard-earned Social Security. If you have any questions, please feel free to contact me, or have your staff contact Tom Nicholls on our Government Affairs staff.

Sincerely,

/s/

Bill Sweeney
Senior Vice President
Government Affairs

U.S. SENATE SPECIAL COMMITTEE ON AGING

"KEEPING OUR PROMISE TO OLDER ADULTS AND PEOPLE WITH DISABILITIES: THE STATUS OF SOCIAL SECURITY TODAY"

MARCH 20, 2024

STATEMENT FOR THE RECORD

Testimony of the Social Security Administration (SSA)

Social Security Administration (SSA) Commissioner Martin O'Malley requested I follow-up on several questions you raised during the hearing before the United States Senate Special Committee on Aging entitled: Keeping Our Promise to Older Adults and People with Disabilities: The Status of Social Security Today on March 20, 2024.

During the hearing you raised the topic of fraud in Social Security programs. I appreciate the opportunity to address your concerns. The SSA Office of the Inspector General (OIG) serves the public through independent oversight of SSA's programs and operations. We accomplish our mission by conducting independent audits, evaluations, and investigations; searching for and reporting systemic weaknesses in SSA's programs and operations; and providing recommendations for program, operations, and management improvements.

The Reports Consolidation Act of 2000 requires Inspectors General to summarize and assess the most serious management and performance challenges facing agencies and the agencies' progress in addressing those challenges. In FY 2023, SSA OIG Office of Audit issued 43 products that identified over \$2.3 billion in monetary findings. This includes over \$1.8 billion in questioned costs¹ and over \$560 million in funds that could have been put to better use.² SSA OIG monetary findings include almost \$640 million in underpayments that were owed beneficiaries/recipients. The \$640 million in underpayments are classified in both categories (questioned costs and funds to better use). SSA OIG oversight work has a significant impact on the integrity, effectiveness, and efficiency of SSA's programs and operations.

Commissioner O'Malley's Office of Legislation and Congressional Affairs requested SSA OIG address three questions:

1. What is the figure of fraud that would be part of Social Security?

While this may seem to be a very straight forward question, it is one that is quite difficult to answer comprehensively and accurately. The U.S. Government Accountability Office (GAO) recently performed work to answer the same question from a Federal Government-wide perspective. In April 2024, GAO released a report entitled, *Fraud Risk Management: 2018-2022 Data Show Federal Government Loses an Estimated \$233 Billion to \$521 Billion Annually to Fraud, Based on Various Risk*. I was very supportive of GAO's review, and SSA OIG staff worked closely with GAO on portions of this report related to SSA fraud.

During GAO's review, SSA OIG and agency officials noted significant challenges in producing fraud estimates, including data limitations, and differing definitions of fraud for recording and summarizing data. GAO previously reported that agencies identified limitations in expertise, data, and tools as a significant challenge for their fraud risk management efforts. These challenges could also impact agencies' ability to develop effective fraud estimates at a program or agency level.

According to GAO's report, the Department of the Treasury's Office of Payment Integrity (OPI) supports agencies facing such challenges. OPI's resources are dedicated to preventing and detecting improper payments through a variety of data-matching and data-analytics services. Therefore, Treasury's OPI may be positioned with the expertise, data, and analytic tools to evaluate and advance methods that

¹ 5 U.S.C. § 405(a)(4): A cost the IG questions because of: 1. an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; 2. a finding that, at the time of the audit, such cost is not supported by adequate documentation; or 3. a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

² 5 U.S.C. § 405(a)(5): An IG recommendation that funds could be used more efficiently if Agency management took actions to implement and complete the recommendation, including: 1. reductions in outlays; 2. de-obligation of funds from programs or operations; 3. withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; 4. costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor or grantee; 5. avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or 6. any other savings which are specifically identified.

the federal government can take to estimate fraud in support of fraud risk management.

2. Beyond fraud, what percentage would there be of payments made to the wrong beneficiary for the wrong amount?

Effective stewardship of taxpayer funds is a critical responsibility of the Federal Government. This is especially true of SSA where over 72 million Americans are receiving an SSA benefit or SSI payment, totaling over 1.4 trillion dollars annually, with approximately 10,000 baby boomers becoming eligible for Social Security Retirement daily. Improper payments in Federal programs can erode citizens' trust in government. Improper payments include overpayments and underpayments, and result from SSA's mistakes in computing payments, SSA's failure to obtain or act on available information affecting payments, and beneficiaries' failure to report an event correctly (or at all).

Office of Management and Budget (OMB) Circular A-123, Appendix C (updated March 5, 2021) requires agencies with programs with annual outlays over \$10,000,000 to provide OMB with improper payments related information on an annual basis. In addition, the OMB Circular requires agencies with High-Priority programs (programs reporting improper payments resulting in monetary loss in excess of \$100,000,000) to provide select improper payments information to OMB on a quarterly basis. This new approach promotes a more streamlined and centralized repository for government-wide improper payments reporting. SSA's latest improper payment information is available on OMB's www.paymentaccuracy.gov website.

3. We would like your office to get back to kind of categorize to the best of your ability to do it, how much fraud would be part of Social Security.

As Commissioner O'Malley pointed out in SSA's written response to the Special Committee on Aging, SSA OIG issues the Semiannual Report to Congress, which includes a summary of allegations by category. SSA OIG's Office of Investigations receives and evaluates allegations of fraud, waste, abuse, and mismanagement in SSA's programs and operations, and takes appropriate action in coordination with federal, state, and local prosecutors in addressing in fraud.

During Fiscal Year 2023, investigations by SSA OIG resulted in 555 criminal convictions and contributed to almost \$179 million in monetary accomplishments. As you can understand, it is difficult to provide an actual estimate on the monetary fraud. SSA OIG's goal is to help SSA prevent, detect, and eliminate fraud, and we must remain vigilant. For example, on May 2, 2024, a New Jersey woman was indicted for stealing over \$1 million of federal benefits meant for her deceased aunt over a 25-year period from the Office of Personnel Management and SSA. For over two and half decades, this fraud was being committed and due to the hard work of SSA OIG Special Agents and Office of Personnel Management OIG Special Agents this fraud was ended. This case is a representation of many cases known and unknown.

I trust this information is helpful. I request the Special Committee on Aging include this letter into the record of the hearing for future reference. Should you have any further questions, please have a member of your staff contact SSA OIG's Congressional Affairs Advisor.

Sincerely,

/s/

Gail S. Ennis
Inspector General

cc: The Honorable Martin O' Malley - Commissioner Social
Security Administration
The Honorable Bob Casey - Chairman US Senate Special Committee Aging